

WEBSITE OF THE EXPERT COMMUNITY OF BELARUS
NASHE MNENIE ('OUR OPINION')

AGENCY FOR SOCIAL AND POLITICAL EXPERT APPRAISAL

Belarusian Y E A R B O O K 2020

A survey and analysis of developments
in the Republic of Belarus in 2019

LOHVINAŹ
Vilnius 2020

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THE YEARBOOK IS PUBLISHED WITH SUPPORT OF



The ideas expressed are solely the opinions of the authors and do not necessarily represent the opinions of the editorial board.

ISSN 1822-4091

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EDITORIAL FOREWORD

Belarusian Yearbook 2020 constitutes a comprehensive analysis of developments in the key segments of the state and society throughout 2019. The parliamentary election campaign (“the dress rehearsal for the presidential campaign slated for 2020”) amidst the exhaustion of resources for recovery growth and a gradual sinking into recession, extremely low efficiency of negotiations with Russia, as well as attempts of the authorities – inconsistent and belated – to adapt to the rapidly changing environment were the main processes that shaped the political agenda in 2019.

Main trends of the year

Domestic policy

- Against the backdrop of the 2019 parliamentary elections and the upcoming presidential campaign of 2020, all of the socioeconomic and political reforms remained frozen, with the political leadership and the security/law enforcement block actively opposing any “liberal” initiative.
- The personnel challenge exacerbated, which was manifested in the lack of competences and professionalism of the presidential “vertical”.
- Representatives of alternative political forces were ousted from the parliament following the parliamentary elections of 2019, party representation enhanced due to loyalist left-wing parties, and the parliament’s international cooperation weakened.

Foreign policy

- Overuse of regional security references in foreign policy in order to improve official Minsk's international reputation; intensified collaboration with individual EU member states.
- A stalemate of the Belarus–Russia integration; extremely low efficiency of negotiations between the Belarusian and Russian leaders.

Economics

- Ending recovery growth (slower output growth, inconsistent nature of economic activity).
- Growing unfavorable momentum in foreign economic operations, the external debt repayment schedule still being tense.
- Growing need for new external financing.
- Accumulating crisis disproportions in the labor market (specifically, labor shortage).

Public opinion

- Drop in the number of supporters of a union with Russia and increased number of proponents of European integration.
- Slightly poorer assessments of the economic situation in the country and the economic status of households.

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 2020* were independent analysts and experts, as well as specialists representing various think tanks, including the 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, 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: PREPARING FOR THE SIXTH PRESIDENTIAL TERM

Nikolai Burov

Summary

In 2019, the Presidential Administration of Belarus made determined efforts to get ready for upcoming challenges, primarily to ensure Alexander Lukashenko's re-election in a difficult socio-economic and political situation. An attempt was made to reconsider the ideological component of domestic policy, reinforce the ideological platform and provide follow-up information and analytical support for the presidential vertical. The composition of the Administration was considerably renewed. However, the Administration's efforts were ineffective largely due to the inertia of the vertical and the conservative position of the head of state. As a result, the most important tasks – creation of an ideological platform for the presidential campaign, personnel policy, development of a new version of the law on public service and possible amendments to the Constitution – have been performed in a highly conservative way.

Trends:

- Increasing problem of poor professionalism of the presidential vertical;
- Request for ideological backing in the difficult socio-economic and foreign policy situation;
- Political emphasis on the preservation of the independence and sovereignty of Belarus;
- Renewal of the Presidential Administration leadership as a conceptual solution.

Ideological platform update

One of the paramount tasks of the Presidential Administration in 2019 was to provide ideological backup to the parliamentary and the future presidential elections. Two main propaganda

emphases were chosen out of several options: *first*, to highlight the merits of the incumbent president in overcoming the crisis of the 1990s (Alexander Lukashenko spoke about this when visiting the Presidential Academy of Public Administration on October 18, and addressing the upper and lower chambers of the parliament on December 5), and, *second*, to emphasize the value of Belarus' independence and sovereignty, which only the incumbent president can guarantee. Attempts to add other topics failed. Much hope was pinned on the possible propaganda effect of the 2nd European Games, but the public remained generally indifferent about them.

The work with petitions filed by individuals who point at local issues was used, as always, as a tool to legitimize the sitting government. Once again, the Administration was instructed to closely monitor the compliance with the requirement to quickly respond to people's complaints. To this end, monitoring groups were appointed to look into the highlighted local communities' problems. Administration officers meet with petitioners in the regions on a regular basis, saying that society is growing impatient seeking justice. In response, the central authorities, among other things, declare their commitment to restrain the arbitrariness of security agencies.

The Administration cannot but feel the need for some adjustment to the ideological component, or at least of an adequate interpretation of the complex processes that Belarus is facing at the current stage. However, after the appointment of Vladimir Zhevnyak as deputy presidential chief of staff for ideology in April 2018, observers unanimously described the efforts taken in the field of ideology as clueless and ineffective.¹ V. Zhevnyak was

¹ «Пустота в авторитарной рамке. Лукашенко озаботился идеологией перед выборами.» *Naviny.by*, 19 Aug. 2019, <https://naviny.by/article/20190819/1566227985-pustota-v-avtoritarnoy-ramke-lukashenko-ozabotilsya-ideologiy-pered>.

replaced by Andrei Kuntsevich on August 19, 2019. He was given a “simple” task to ensure consolidation of Belarusian society.

The areas of the Administration’s ideological efforts remained separated. A. Kuntsevich oversees ideology, public associations and media, which overlaps with the functions of presidential press secretary and confidant Natalia Eismont, which competes with Kuntsevich in this matter. First Deputy Chief of Staff Maxim Ryzhenkov is in charge of ideological matters related to culture and education.

Last year, Orsha remained the area of special responsibility of the Administration and the chief of staff (in particular, the regional logistics hub of the *Bremino Group LLC*). Despite heavy investment and the repeated personal participation of Chief of Staff Natalia Kochanova in field sessions of the Vitebsk Regional Executive Committee in Orsha, no considerable successes in the Orsha district development project were achieved.

The personnel pool still fails to cope

The Administration’s personnel problem has become chronic, basically not just because the personnel pool is too shallow, but also because the potential candidates for senior positions are professionally unfit. Addressing the Minsk Region functionaries on December 4, President Lukashenko pointed at the large number of unfilled executive positions. Although the pool numbered 209 people in the reserve, 47 offices in the regional and district executive committee remained vacant.²

Apparently, the Administration has no idea how to overcome the personnel crisis. Formally, personnel policy does work with

² «Александр Лукашенко провел совещание с активом Минской области». *Pravo.by*, 04 Dec. 2019, <http://pravo.by/novosti/obshchestvenno-politicheskie-i-v-oblasti-prava/2019/december/43366>.

all regular rotations and the skill pool formation. On the other hand, attempts are made to resolve this problem, involving traditional tools, such as training at the Academy of Public Administration and changes in legislation, in particular, the law on public service.

Decree No. 343 on activities of the Presidential Academy of Public Administration of September 16 approves a new charter of the Academy, but does not make significant changes in comparison with its old versions. When visiting the Academy on October 18, Lukashenko said that the current civil service system generally met its objectives, and only needed updates, which the new version of the law on public service is meant to make.

The quality of training at the Academy of Public Administration is hard to assess from the outside, while quite enough is known about draft amendments to the law on public service. Despite the direct instructions given by the head of state, the new version of the law was not finalized in 2019. The proposed changes are mainly aimed at tightening the rules and regulations applicable to public servants, and at equaling their status with security and defense agencies' staff.³ The fact that the new version was not provided on schedule suggests increasing personnel problems in Belarus.

The frequent reshuffles in the presidential vertical also indicate personnel policy imbalances. Nearly 40 new chairs of district and city executive committees and heads of city administrations were appointed in 2019. Alexander Turchin (previously first deputy prime minister) replaced Anatoly Isachenko as chairman of the Minsk Regional Executive Committee. Gennady Solovey took the office of the Gomel Regional Executive Committee head. Lukashenko appointed presidential assistants, chief regional inspectors: Anatoly Linevich in the Vitebsk Region, Anatoly Markevich in the Brest Region, and Vitaly Prima in Minsk city.

³ Lukashenko says public service should be largely like military service.

Big personnel changes took place in the Administration as well. Former First Deputy Chairman of the KGB Igor Sergeyenko was appointed chief of staff. He replaced Natalia Kochanova, whose deputy in charge of legislation and interaction with the National Assembly Valery Mitskevich (since 2009) was replaced by Olga Chupris. Some experts believe that Mitskevich's replacement⁴ is connected with the announced significant changes in laws and, primarily, the Constitution.

Constitutional amendments

Talks about possible amendments to the Belarusian Constitution resumed in 2018. President Lukashenko emphatically rejected this idea at that time. A year later, in March 2019, he returned to this subject during the Big Talk with the President. Lukashenko stated the need to give more powers to other branches of government, saying that this must be done extremely cautiously, and that amendments would by no means be steamrolled.⁵

During the president's annual address to the nation and the parliament on April 19, Lukashenko said that the work on draft amendments to the Constitution and personnel decisions would be supervised by the chief of staff.

The most serious question that arose in 2019 in connection with possible amendments to the Constitution concerned Lukashenko's re-election for the sixth term and then the possible procedure for the transfer of power. Technically, three questions are most relevant: (1) Does Belarus need a new Constitution,

⁴ He now serves as vice speaker of the lower chamber of the Belarusian parliament.

⁵ «Лукашенко намерен принять новую Конституцию.» Naviny.by, 01 Mar. 2019, <https://naviny.by/new/20190301/1551452287-lukashenko-nameren-prinyat-novuyu-konstituciyu>.

or certain amendments to the Constitution in force would be enough? (2) Which election should go first in 2020, parliamentary or presidential? (3) What ideological component will be chosen for these campaigns? The Administration decided on the second and partly the third one before the autumn. The first one will be thought over later.

Possible constitutional amendments have been considered in Belarus for nearly a decade now. This matter seems to be uncomfortable to the president. Many observers believe that the replacement of Valery Mitskevich with Olga Chupris means that the creation of a mechanism for the transfer of power can move to a new level.

No efforts spared to prepare for the presidential election

From the point of view of the election campaign procedures, a conservative option was predictably chosen, which corresponds to Alexander Lukashenko's wishes: the parliamentary elections will be held before the presidential election, which shortens the parliament's tenure, but not the president's. The parliamentary elections also followed a conservative scenario. The experiment with the admission of oppositionists to the lower chamber was not repeated.

This suggests that the 2020 presidential election will be held according to a similar scenario.⁶ However, it can be assumed that the authorities hesitated for quite a while, rightly believing that the socio-economic and foreign policy environment may be less favorable in the coming year to formalize the next presidential term of Alexander Lukashenko in comparison with 2019.

⁶ «Тенденции избирательной кампании – 2019.» *Наше мнение*, 29 Oct. 2019, <https://nmnby.eu/news/analytics/6962.html>.

Although the president seemingly does not want constitutional amendments, he increasingly needs to figure out the way to legitimize his future successor.

The whole mechanism designed for elections has been working pretty good for years and proved reliable, but the results of the 2019 parliamentary campaign were kind of disappointing. The turnout in the regions was significantly lower than expected by the Administration (although this can only be judged by indirect indicators). The rating of the sitting government was also low. Since public sentiments and the turnout during elections are the area of responsibility of the presidential vertical, there might be truth to the rumors that Natalia Kochanova had to step down as chief of staff in early December because the president was not happy about the parliamentary elections statistics.

Kochanova's removal from office was a matter of discussion throughout the year. It is not so much about mistakes she made, as the president's strong commitment to regular managerial personnel rotations. Such a rotation was expected after the presidential election, though. This gives reason to assume that something went wrong with the parliamentary elections.

The appointment of former KGB officer, Major General Igor Sergeyenko as chief of staff on December 5 came as a surprise to many. There is, certainly, nothing unusual in the appointment of a security officer to the Administration. Gennady Nevyglas, Viktor Sheiman and Ural Latypov can be mentioned as examples. The point is that security officials of such high rank had not headed the staff since 2008. Experts see Sergeyenko's appointment as an indicator that the authorities plan to hold the 2020 election without a single hint at liberalization and with a guaranteed victory of the incumbent president.

The Administration understands that the information and analytical support for its activities needs to be strengthened substantially in the face of far-reaching changes. Formally, the Belarusian Institute for Strategic Research is being established

to this end on the basis of the Administration's Information and Analytical Center by decree No. 49 of February 12, 2019. It is yet unclear what the fundamental difference between these two agencies will be. In general, this reorganization is more like a redistribution of the areas of responsibility without an increase in budgetary funding. In particular, the Institute for Strategic Research has already announced a significant reduction in the sociological component of its activities.

Conclusion

The year 2019 was quite stressful for the Administration. It was tasked to rejuvenate its staff and prepare for the two election campaigns, and one of these tasks – the 2019 parliamentary elections – has been coped with relatively successfully. Other tasks will be addressed later.

Judging by a number of indicators, the 2020 presidential election will follow a strong-arm scenario in conditions of domestic socio-economic problems and the tension in the relationship with Russia. Furthermore, the wriggle room is confined by the rules of the game and the very conservative position of the head of state.

GOVERNMENT: PERFECT STORM AHEAD

Polina Makarova

Summary

In 2019, the government made efforts towards systemic development of regions and public sector management, although its high-profile initiatives in many respects contradict those attempts. The Council of Ministers made several decisions to ensure that the national rulemaking is rational and argumentative, and to facilitate consultation with experts and stakeholders when preparing legal acts. However, a number of important government decisions that could produce significant results for building the economy and society were based on ideological and opportunistic considerations.

Trends:

- Government makes attempts to reform public sector management and separate functions of the state as a regulator and proprietor;
- National security bloc stands against liberal initiatives, while the political leadership just ignores them;
- Efforts are made to work out a systemic approach to regional policy relying on economic development and private business.

State as a proprietor, state as a regulator

We assumed in the last year's forecast that government policy will remain fragmented and inconsistent in key areas (the economy, employment and regional development), being largely based on tight control and penalties. This turns to be true on the whole, despite certain hopes associated with the coming of young professional managers to the government. Still, reformative efforts of Prime Minister Sergei Rumas and some members of his Cabinet deserve attention.

The beginning of the year was marked by a number of government's initiatives. It would be an exaggeration to say that they showed an intention to reform the public administration system. Attempts were made to systematize at least some of its aspects. The work on a bill on the public sector was announced in January.¹ It was planned to finally separate the functions of the state as a regulator and proprietor: enterprises will be managed by state corporations under the supervision of the State Property Committee, and ministries will engage in formulating sectoral policies.

This separation was an innovation back in 2016, when this provision was added to the Program of Socio-Economic Development of the Republic of Belarus for 2016–2020.² However, there was no breakthrough in 2018 since “state administration bodies failed to consolidate their positions”, as newly appointed Prime Minister Sergei Rumas said.³ He spoke about the plan to reduce the number of public officers in supervisory boards of state-controlled enterprises and replace them with professional managers.

Sergei Rumas, who chaired the Supervisory Board of the Minsk Tractor Plant (MTZ), said in April that the Board would not interfere in the company's business, but only set targets and monitor their achievement. According to the prime minister,

¹ «Власти Беларуси планируют революцию в госсекторе?» *Naviny.by*, 04 Jan. 2019, <https://naviny.by/article/20190104/1546599239-vlasti-belarusi-planiruyut-revolyuciyu-v-gossektore>.

² «Указ Президента Республики Беларусь от 15 декабря 2016 года № 466 “Об утверждении Программы социально-экономического развития Республики Беларусь на 2016–2020 годы”» *Министерство экономики Республики Беларусь*, 15 Dec. 2016, <https://www.economy.gov.by/uploads/files/Programma-2020.pdf>.

³ «Представление Программы деятельности правительства на 2018–2020 годы.» *Совет министров Республики Беларусь*, 31 Oct. 2018, <http://www.government.by/ru/content/8356>.

supervisory boards could reduce the unnecessary work stress on Minister of Industry Pavel Utyupin so that he can stop dealing with local company strategies and “look into larger matters, on which the future of the entire industry depends.”⁴

In other words, the government tried to extract maximum opportunities out of the public sector management reform, since privatization of loss-making and hopeless enterprises seems to be removed from the political agenda, although international analysts underscore the need for conceptual reform of the public sector with privatization and inevitable bankruptcies.⁵

Belarusian independent experts say that changed approaches to the public sector management and building directors’ awareness of modern methods of administration can produce results with certain conditions in place, but their effectiveness is not limitless. The experts believe that advanced corporate governance methods introduced by the government at distressed enterprises, which cannot sell their products even after costly upgrades of their capacities, will not help solve long-standing problems of the public sector.

If this separation of functions takes place one day, this would be the end of the Soviet era in the Belarusian state administration system, when the Communist Party and later the Presidential Administration played the role of a policymaker, and the Cabinet was tasked to supervise enterprises.

However, as of late 2019, the bill on the public sector was yet to go through lengthy approvals at the level of the Council of Ministers, although the Economy Ministry hopes to submit the bill to the parliament in 2020, as a concept for starters.

⁴ «Посещение ОАО “МТЗ”.» Совет министров Республики Беларусь, 25 Apr. 2019, <http://www.government.by/ru/content/8763>.

⁵ «Власти Беларуси с подачи МВФ задумались о будущем госсектора.» Naviny.by, 10 June 2019, <https://naviny.by/article/20190610/1560146202-vlasti-belarusi-s-podachi-mvf-zadumalis-o-budushchem-gossektora>.

First analyze, then adopt

In late January 2019, the Council of Ministers approved instructions for forecasting effects of new regulatory legal acts⁶, which introduces a quite innovative idea that effects of laws and regulations should be analyzed before they take effect, and that forecasts can be made not only in quiet ministerial offices, but also through public discussions and proposals filed by individuals.

The establishment of the Belarusian Institute for Strategic Research, a state think tank, was announced in February. It is meant to provide more professional expert support for the law-making activities of the state. The Institute is engaged in strategic analysis of everything that is related to foreign and domestic policies of Belarus and working out recommendations to government agencies. The BISR took over from the Information and Analytical Center at the Presidential Administration, which was severely criticized in 2017 by the president for half-baked research.⁷ The new think tank is expected to render services not only to the president, but also to the Council of Ministers, the Security Council and other institutions.

Despite these useful government initiatives, it seems that a number of last year's major decisions were made without analyzing possible impacts, merely basing on political and market considerations. For example, in coordination with the Security Council, the Ministry of Defense submitted and the parliament

⁶ «Совмин утвердил инструкцию по прогнозированию последствий принятия нормативных правовых актов.» *БелаПАН*, 30 Jan. 2019, <https://belapan.by/archive/2019/01/30/990576/>.

⁷ «Лукашенко потребовал от Администрации президента отказаться от “показухи”.» *Naviny.by*, 02 Feb. 2017, <https://naviny.by/article/20170206/1486379970-lukashenko-potreboval-ot-administracii-prezidenta-otkazatsya-ot-pokazuhi>.

passed the bill ‘On Amendments to the Laws on the Effective Functioning of the National Armed Forces’, popularly known as the “law on deferments.”⁸ This took just *three* months after the bill was announced in March. According to the new law, young people liable for military service can only be granted a draft deferment *once*. This means that all who want to continue education in graduate schools must serve in the army for at least a year and a half.

Educational professionals reasonably warned that this would trigger a massive outflow of graduates who seek scientific careers to foreign universities. Much was said about the damage that the law would cause to the future of Belarusian science and knowledge-intensive sectors of the economy. However, these arguments were dismissed by the ideologically motivated president and the government. In response, they only proposed punitive measures, such as a travel ban for draftees, who have already been granted one deferment, and a ban from public offices and some professions for those who did not serve in the army as prescribed by the law.

Regional development: political contradictions

In February, the Sergei Rumas Government took the first step towards a systematization of regional policies, in particular the assignment of districts to the category of lagging behind in terms of socio-economic development. Supposedly, this aimed at coping with the task that the government set itself in 2018: to bridge life quality gaps between the regions. The standard of living will be defined as an aggregate indicator calculated

⁸ «Опубликован “закон об отсрочках”: что нужно знать призывникам.» Tut.by, 30 July, 2019, <https://news.tut.by/society/647670.html>.

according to a special method. If it is below 72%, the region is considered lagging behind.⁹

First Deputy Prime Minister Alexander Turchin said at a meeting of the Economy Ministry Board that the low economic activity in such regions is a threat to national economic development and this issue may be resolved by pegging incomes of regional officials to local business activity growth. However, as was said at the meeting, local executives were afraid to assist in establishing and expanding new enterprises, fearing allegations of corruption.

Local officials believe that businesses can only be assisted by expediting approvals (even, sometimes, in defiance of the law) and persuading state bodies (for example, the Ministry of Emergencies) not to put obstacles in investors' way.

As the deputy prime minister said, adequate bonuses to public officers for promoting local business activity would solve this problem.

As usual, the government's plan to apply a systemic approach to regional development was out of sync with spontaneous decisions made by the head of state. The president began his 'spring tour' to the regions with Baranovichi, where he promised a large-scale audit like that in Orsha.¹⁰ A. Lukashenko warned of the possibility of a repetition of the situation in Orsha, when a personnel reshuffle in the government took place as a result of (or at least shortly after) the audit, and the prime minister, four deputy prime ministers and several ministers were replaced. When in Baranovichi, the president mainly spoke about an audit of state-owned industrial enterprises, rather than private

⁹ «Правительство утвердило порядок отнесения регионов к территориям, отстающим по уровню социально-экономического развития.» *БелаПАН*, 12 Feb. 2019, <https://belapan.by/archive/2019/02/12/992436/>.

¹⁰ «Оршанский район – зона опережающего развития.» *Наше мнение*, 03 Jan. 20018, <https://nmbny.eu/news/analytics/6516.html>.

business development. On the contrary, he emphasized the need to bar “all kinds of intermediacy.”

Several members of the Rumas Cabinet lost their offices after the spring tour of the president. During his visit to Kupalovskoye Agricultural Holding (Mogilev Region), Lukashenko was outraged by mismanagement and the dairy herd treatment. Government veterans, Deputy Prime Minister Mikhail Rusy, who had been in charge of agriculture since 2012, and Minister of Agriculture and Food Leonid Zayats, had to resign.

Throughout the year, the tasks that the head of state set to the regional authorities contradicted the government’s attempts to systematize regional policy based on private business engagement. For instance, when visiting the Vitebsk Region in June, Lukashenko said that favorable conditions for small and medium businesses had already been created, and local officials should be concerned about development of strategic industries, such as woodworking, oil refining and agriculture, although many independent and state experts had more than once questioned the efficiency of made or planned investment in their upgrade.¹¹

More than a half of 118 districts of the country reported the sufficiency of own funds below 50%. The Mogilev Region is troubled the most: 18 out of its 21 districts were defined as “low-income.” Three districts are subsidized from the central budget by 75%¹² despite the special tax preferences granted to them by a presidential decree in 2015 and nearly a million rubles provided for their economic and social development.

¹¹ «Глава КГК: не все предприятия деревообработки завершили модернизацию.» *Naviny.by*, 24 May 2019, <https://naviny.by/new/20190524/1558684504-glava-kgk-ne-vse-predpriyatiya-derevoobrabotki-zavershili-modernizaciyu>.

¹² «Самые проблемные регионы страны – в Могилёвской области.» *Naviny.by*, 16 Aug. 2019, <https://naviny.by/new/20190816/1565945190-samyeproblemnyeregiony-strany-v-mogilevskoy-oblasti>.

The peculiar difference in approaches to regional policies surfaced again. The Council of Ministers set the targets for accelerated socio-economic development of some administrative-territorial units, which included wage rises, higher employment rates and local budget revenues, under the responsibility of heads of the district executive committees. The president ordered to ramp up production capacities “as it was done in the Soviet times: new plants with new housing”, and promised “pressure so firm that some eyes are going to pop out.”¹³

Better forecast is not the same as good

Closer to the end of the year, the president traditionally threatened the entire government with dismissal for “insufficiently ambitious” economic growth forecast for 2020 and for the inevitable failure to achieve the targets set for 2019.¹⁴ The prime minister promised to join efforts with all state bodies for a more optimistic outlook.

However, in the last quarter of 2019, the government plunged headlong into talks with Russia, primarily on oil supply terms in 2020, so all domestic conflicts and disputes fell by the way-side. One relatively insignificant appointment in the government took place in late November: Deputy Prime Minister Alexander Turchin, who actively advocated regional development with reliance on private business, was sent to put his ideas into practice as Minsk Region governor. He was replaced by Dmitry Krutoy, former economy minister.

¹³ «Как Лукашенко видит развитие юго-востока Могилёвщины.» Tut.by, 14 Aug. 2019, <https://news.tut.by/economics/649532.html>.

¹⁴ «Миссия правительства невыполнима. Будет ли отставка?» Naviny.by, 23 Sep. 2019, <https://naviny.by/article/20190923/1569218606-missiya-pravitelstva-nevypolnima-budet-li-otstavka>.

Conclusion

In 2018, many hopes were pinned on the new government, where the state-planned economy is liked by few. However, personal traits are not much of help, as the years-long attempts of the Belarusian Council of Ministers to carry out at least some economic reforms show. Young educated ministers who speak a common language with international financial institutions are, of course, more likely to be heard in negotiations, but when it comes to implementing the decisions made their market advocacy loses to political aspirations of the country's leadership, and social policy (education, health or employment) is subdued to ideology.

A number of experts assess the first year of the 'new old' government as falling short of expectations.¹⁵ The year 2020 will see whether the Sergei Rumas Cabinet will act within the established limits as before, slowly introducing nearly invisible, yet potentially significant innovations in the Belarusian state administration, or will muster all strength to withstand the ideal storm in the Belarusian economy¹⁶ predicted by experts.

¹⁵ «Правительство за год не смогло реализовать свой потенциал, считают эксперты.» БелаПАН, 19 Aug. 2019, https://belapan.by/archive/2019/08/19/ru_1013933/.

¹⁶ «На Беларусь надвигается идеальный шторм. Эксперты предложили мощный антикризисный пакет.» Tut.by, 20 Mar. 2020, <https://news.tut.by/economics/677266.html>.

NATIONAL DEFENSE: BUILDING NEW PARTNERSHIPS

Andrei Porotnikov

Summary

The year 2019 saw no breakthroughs in the national defense segment in many respects due to financing shortages, and because the country's leadership gave priority to political and economic matters, rather than defense. Public support for the army also left much to be desired. Although progressively expanding, international military cooperation was a derivative of Belarus' general political relationships with foreign nations and blocs.

Trends:

- Analysis and adoption of warring armies' experience in military training;
- Questionable rationality of military procurement;
- Increasing deficit of human resources for national defense in the absence of articulate solutions;
- Participation in new formats of dialogue on military security in Eastern Europe, which are yet to prove effective and sustainable;
- Expansion of the circle of security partners;
- Belarus' growing disappointment about cooperation with China.

Armed forces buildup priorities

Much attention was paid in 2019 to the application of unmanned (remote-controlled) aerial vehicles. A meeting on projected advantages of the use of UAVs by the army chaired by Chief of General Staff Oleg Belokonev was held on January 28. The 927th Unmanned Aircraft Systems Training and Application Center conducted an exercise to view all drone prototypes available to the Center.

The joint conference of the army and the defense industry on the application and protection against UAVs and coordination of R&D and production activities of UAV developers and the military organized in June by the Air Force and Air Defense Command was the most important event in this respect.¹ It was confirmed that the creation of a full-capacity strike drone remained among the national defense priorities.

Russia's experience of combat operations in Syria was analyzed and used in the training of troops. During the CIS Combat Commonwealth 2019 joint air defense exercise held in September, the military practiced interception and elimination of cruise missiles and UAVs at the Russian Ashuluk training ground.

During the Belarusian-Russian Union Shield 2019 exercise, the units involved rehearsed recapture and defense of urban localities. The program of the CSTO Search-2019 reconnaissance exercise held in October in Belarus included a response to attacks made with makeshift poisonous substances and elimination of their effects.²

In 2019, the Belarusian army made the most costly purchases: the Russian Yak-130 operational training jets and the Su-30SM heavy fighters (*four* each) worth USD 200 to 260 million in total, depending on the price of the Su-30SM for Belarus (Russia's domestic or export price), which was the annual all-time high in the history of Belarus' independence.

The Belarusian air force considers the Yak-130 a kind of substitute for fighters and ground attack aircraft. The Yaks are adjusted so that they can carry the Talisman on-board defense complex of domestic manufacture, which implements the idea

¹ Потапов, Георгий. «В небе и на земле.» Военный информационный портал Министерства обороны Республики Беларусь, 21 June 2019, <https://www.mil.by/ru/news/88370/>.

² Севенко, Александр. «“Поиск-2019”: финальный аккорд.» Во славу Родины, 18 Oct. 2019, https://vsr.mil.by/rubrics/boevaya_podgotovka/search_2019_the_finale/?sphrase_id=7053.

of turning the original combat trainer into a combat jet. The purchase of the Su-30SMs for the Belarusian army raised questions that the Ministry of Defense chose to leave unanswered.³

The quantity of weapons and military hardware procured for the army thus decreased from around 1,500 units in 2018 to 1,100 in 2019, as expensive aircraft accounted for the bulk of spending.

President Lukashenko signed a new national defense plan on December 19, 2019. Emphasis was put on the prevention of destabilization of the country, which is considered part of defense, as destabilization often precedes armed pressure.

Alexander Lukashenko also approved an army buildup concept for the period to 2030, which does not provide for significant changes in the composition of the armed forces. The plan is to increase spending on the army to 1.5% of GDP in the next ten years, i.e. only USD 15–20 million per year in equivalent. UAVs, reconnaissance assets, upgrades of the striking aviation and modernization of rocket troops and artillery were listed as priority areas. Belarus is also going to solve the shortage of ammunition, anti-aircraft and anti-tank guided missiles, and other high-precision ammunition for available weapons.

New military service regulations

In 2019, Belarus amended the law on military service, toughening the rules established for deferments that used to be granted to university students for uninterrupted education. This caused considerable public discontent, the more so as the offered incentives are few, since the state seeks to avoid large budget expenses.

³ «Закупка Су-30СМ всё более походит на авантюру.» *Belarus Security Blog*, 06 Feb. 2019, <https://bsblog.info/zakupka-su-30sm-vse-bolee-poxodit-na-avantyuru/>.

The authorities explain that the demographic situation has deteriorated, and the number of potential conscripts fit for military service has declined dramatically. However, it is more likely about the upsize of defense and security agencies that desperately need manpower. The fact that the staffing situation was addressed at the meeting of the Security Council of Belarus on February 26 suggests that the problem is very real.

Even the Prosecutor's Office was involved in 2019 in ensuring conscription and interaction between the bodies in charge of it. Thousands of young people evade military service, having an opportunity to leave the country for work or education in the neighboring states. They choose the risk of criminal prosecution for evasion over going to the barracks as a lesser evil.

The Ministry of Defense failed to work out an adequate information strategy in support of the amendments on military service, and the prestige of military service remains low.

Between the West and Russia

Belarus' military-political agenda has not changed. On the one hand, Minsk continued proclaiming its loyalty to Russia. On the other hand, efforts were made to obtain support in other directions. During the traditional February briefing for foreign military attachés, the Ministry of Defense said it was seeking stepped up defense cooperation with Poland, Ukraine and Lithuania. No headway was made with the latter two in 2019 despite several events that inspired some hope.

On March 28, Warsaw hosted a multilateral meeting of General Staff officers of Belarus, Lithuania, Poland and Ukraine on building confidence and regional security.

On July 9, Chief of General Staff of Belarus Oleg Belokonev visited Ukraine to meet with his Ukrainian counterpart Ruslan Khomchak. They discussed regional security matters and cooperation in the defense sector.

Heads of the Security Councils of Belarus, Poland and Ukraine met with United States Deputy National Security Advisor for President John Bolton on August 31 in Warsaw. State Secretary of the Security Council of Belarus Stanislav Zas said after the meeting that Belarus was interested in expanding contacts with NATO. Basically, Belarus would like the format of NATO's communication with other CSTO members (Armenia and Kazakhstan), which is kind of a ceiling in this area. Zas stressed that Belarus would develop relations with NATO and Ukraine without the detriment of cooperation with Russia.⁴

Chief of Defense of the Latvian Armed Forces Lieutenant General Leonīds Kalniņš went to Belarus in August. The Latvian delegation visited a garrison, which used to be a restricted area for official delegations of NATO.

An Italian military delegation led by Chief of the Defense Staff of the Italian Armed Forces Enzo Vecciarelli visited Belarus on December 5. It was reported later that Belarus and NATO were in talks on a joint peacekeeping exercise, and the possible deployment of the Belarusian military with the Italian contingent in Lebanon.

The scale of Belarus' participation in the joint Union Shield 2019 exercise is worthy of note. Belarus delegated around 4,000 personnel to compare with 1,300 troops involved in Union Shield 2015, and over 5,000 troops sent to Union Shield in 2011, the year of a severe financial recession in Belarus. Minsk continues to consider security cooperation a "sacred cow" in the relationship with Moscow and demonstrates its reliability as an ally.

Throughout 2019, the Belarusian leadership tried to appeal to the military alliance to resolve the ongoing Belarusian-Russian political and economic disputes, but the Kremlin did not

⁴ «Взаимоотношения Беларуси с НАТО развиваются не в ущерб сотрудничеству с Россией – Госсекретарь Совбеза.» *Интерфакс-Запад*, 04 Sep. 2019, https://interfax.by/news/policy/vneshnyaya_politika/1263584/.

want to mix security cooperation with politics and economics. The era of Belarus' defense-for-preferences bargaining is coming to an end.

Not only the West and Russia

Belarus intensified public contacts with Turkey in 2019. Turkish Minister of Defense Hulusi Akar went to Minsk in January. The delegation made a visit to Belarus' defense enterprises and expressed satisfaction with the results of the visit. For the most part, the negotiations were held behind closed doors, though.

Alexander Lukashenko went to Turkey on April 16. The program included defense cooperation talks with the Turkish president. The State Military-Industrial Committee of Belarus and the Presidency of Defense Industries of Turkey signed a memorandum of understanding. The list of Turkish defense companies that the Belarusian Military-Industrial Committee showed interest to – TAI, MKEK and Roketsan – is indicative, as they possess technologies that are of interest to Belarus. The parties spoke about the space sector (optics for Earth remote sensing satellites) and air defense systems as the promising areas of cooperation.

Belarus was also in talks with Kazakhstan on the joint manufacture of UAVs and information security equipment in Kazakhstan. Belarusian drones were tested in Kazakhstan in January 2019. Belarusian and Kazakhstani officers met in July to consider development of a military communications system. Belarus made a presentation of its communications technology.

Belarusian-Serbian and Belarusian-Azerbaijani contacts in the security area have become traditional in recent years.

A real breakthrough was achieved in the security dialogue with Uzbekistan. The parties discussed in different formats military-political and military-technical cooperation and command personnel training. The first joint exercise with the task

forces of the two countries, Combat Commonwealth 2019, was held Uzbekistan in May.

Egyptian President, former Egypt's military chief Field Marshal Abdul Fattah al-Sisi visited Belarus in June for negotiations on military-technical cooperation.

Belarus takes interest in Uzbekistan and Egypt as promising export markets. Therefore, the efforts made to expand defense cooperation with them should be primarily viewed as promotion of Belarus' political and economic agenda, rather than just an offer of firmer friendship.

Meanwhile, Belarus demonstrates increasing dissatisfaction with cooperation with China, first of all with its economic component. Indirectly, this is seen in the defense sector. Chief of the Joint Staff Department of the Central Military Commission of China Colonel General Li Zuocheng visited Belarus on May 28–31 to discuss military cooperation. Alexander Lukashenko ignored his visit, although the Belarusian president had always declared the importance of Belarusian-Chinese relations when meeting Chinese visitors even of lower ranks.

Conclusion

The construction of the army remains the sole prerogative of the state, and society is never engaged in any of related processes. External manifestations of this construction testify to the adequacy of combat training to modern realities. However, national defense is not a priority for the country's leadership, which affects the financing of this sector. The rationality of spending on the army, albeit relatively small, remains questionable.

Society remains alienated from the army, as evidenced by the increase in the number of draft dodgers.

The government is trying to keep a foot in both worlds, preserving the exclusive nature of Belarus-Russia defense

cooperation, while at the same time seeking to improve relations with the West and Ukraine when it comes to defense issues. Belarus continues looking for military-political partners outside the region, which has been a long-term trend now. Defense issues are only tools for the Belarusian leadership to achieve political and economic goals.

Qualitative development of national defense is impossible without its recognition as one of the state priorities. This has not happened so far and hardly will in the foreseeable future, judging by the spending plan, unless, of course, external factors change the situation.

PARLIAMENT: GROWING A NEW POLITICAL FIELD

Andrei Kazakevich

Summary

The 2019 elections showed a tendency to increase the representation of parties in the Parliament and the political diversity of the Parliament. The main trend was the growth of a new political spectrum from public and political structures created on the basis of executive bodies, budget organizations and state-owned enterprises. At the same time, the number of representatives of the executive structures and that of the production sector decreased.

Representatives of alternative political forces and public organizations lost their representation. As a result, a political palette of the newly elected Parliament consists of a politically unstructured majority and 19% of the similar parties representing a far-left political spectrum. All exceptions are isolated and episodic.

In comparison with 2017–2018, the activity of deputies on the international arena and in initiating laws decreased, while the presence of representatives of the Parliament in the public space remained quite high.

Trends:

- Increase in party representation to 19% (the highest since the 1995 elections);
- Exclusion of representatives of alternative political and social forces from Parliament;
- An advantage in the public space of deputies from the left, pro-Soviet and anti-liberal political spectrum;
- Increase in the representation of near-state political and social structures, reduction in the share of people from the political vertical and state-owned enterprises;
- Reduced activity of deputies at the international level and in initiating laws.

In search of a new political role for the Parliament

Since 1996, when executive and partly legislative powers have been concentrated in the hands of the President, the problem of determining the political role of the Parliament remains. This is why the Belarusian Parliament was a place for experimenting with its composition and its role in the public space and law-making process during last two decades. One cannot say that the top management has a clear plan, but in recent years measures have been taken to activate the political functions of the representative body.

In 2004–2012, the House of Representatives clearly developed as a place for honorable retirement of regional leaders. The trend was clearly visible after the 2004 elections and was most vivid in 2008, when the share of deputies over 50 years old reached 69 people (63.0% of the total membership), and the share of party representatives fell to a historical minimum in independent Belarus – 4.6%.

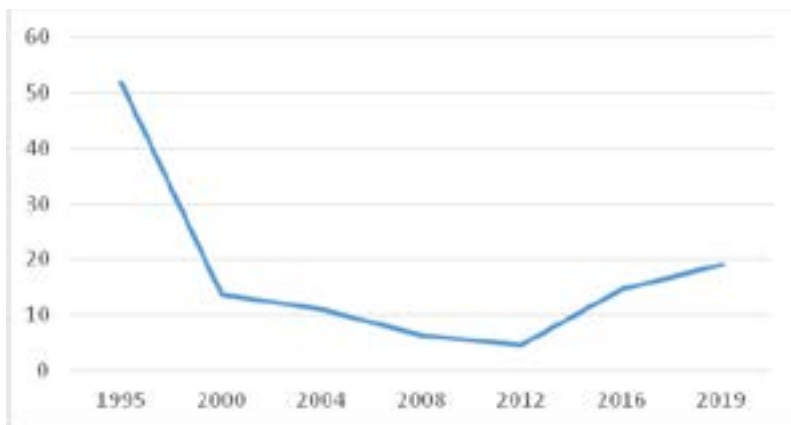
Since 2012, the development of the Deputy corps has been in the direction of greater political diversity and less importance of the executive vertical. These changes, however, remain slow and inconsistent. The results of the 2019 elections can be interpreted as another attempt to find a new political role for the Parliament. In contrast to 2016, the winning trend was not the gradual co-optation of alternative forces, but the desire to construct their own political spectrum. As a result, the political diversity of the Parliament increased, but representatives of alternative forces were excluded from it.

Growth of party representation

The most notable political outcome of the election was a further increase in party representation. As a result of the elections,

the share of party deputies reached the maximum since the 1995 elections – 19% (21 people). As can be seen from the diagram, the representation of parties in the Parliament decreased from 2000 to 2012 and started to grow only in 2016 (see Diagram 1). The same can be said about the number of parties in the Parliament. Thus, the Parliament is becoming more and more politically organized and diverse, at least from a formal point of view.

Diagram 1. Share of party members in parliamentary elections, 1995–2019, %



The best success, as in all other elections since 2000, was the representatives of the Communist Party of Belarus (CPB), who received 11 seats¹, while three Communists were re-elected. Based on the composition of elected deputies, the CBB is formed in close conjunction with administrative and budgetary structures based on executive committees, educational institutions, local councils and the BRSM.

¹ Сведения об избранных депутатах. Центральная комиссия Республики Беларусь по выборам и проведению республиканских референдумов, http://www.rec.gov.by/sites/default/files/pdf/2019/sved_dep.pdf.

Out of *eleven* Communist deputies, *four* come from the executive vertical of power, *three* were heads in educational institutions, *two* headed district councils of deputies, and *two* were regional functionaries of the BRSM before the 2019 elections (Siarhei Klishevich and Natalia Holub). At the same time, none of the top management of the CPB is represented in the Parliament.

The second place was taken by the Republican Party of Labor and Justice (RPLJ), *six* deputies out of them were elected, *three* of them were re-elected. This significant increase in parliamentary representation can be seen as an attempt to grow another left-wing political force which would be more focused on working with trade unions and businesses. However, the real potential of the party does not seem high. At least, it is difficult to assess it due to almost no noticeable activity in the inter-election period.

Among the deputies from the RPLJ, *two* previously held senior positions at enterprises, one – in the Executive Committee (Committee on Labor, Employment and Social Protection), *one* was the head of an educational institution, *one* headed Drahičyn District Council of deputies and *one* was a trade union activist of *Belaruskalij*. The party leadership, as in the case of the CPB, is not represented in Parliament.

Among other parties, the result was as follows: the Belarusian Patriotic Party – two seats, the Liberal Democratic Party and the Agrarian Party – one from each. It was probably sensational that representatives of the opposition and civil society independent of the state did not get a single seat in the Parliament, although the authorities gave signals about the possibility of electing several people immediately before the elections. Thus, the experiment of minimal parliamentary representation of the opposition, which was started in the House of Representatives through the election of Hanna Kanapackaja (United Civil Party) and Aliena Anisim (Association of the Belarusian Language), was not continued (see Table 1).

Table 1. Changes in party representation as a result of elections to the House of Representatives of the sixth and seventh convocations²

	2016	2019
Communist Party of Belarus	8 (+5)	11 (+3)
Republican Party of Labor and Justice	3 (+2)	6 (+3)
The Belarusian Patriotic Party	3 (+3)	2 (-1)
Agrarian Party	0	1 (+1)
Liberal Democratic Party	1	1 (+0)
United Civil Party	1	0 (-1)

Despite the formal growth of party representation and the diversity of the Parliament, there are doubts about how successful the proposed political model is in terms of representing the political mood of the society. Out of 21 party deputies, 19 represent far-left organizations with minimal ideological differences. All are characterized by support for state economic management, state property, preservation of the Soviet economic and cultural heritage, and anti-Western, anti-liberal and pro-Russian rhetoric.

Only the LDP has a relatively independent position in the political spectrum of the Parliament – with attention to the interests of business, the market economy and a broader concept of “patriotism”. However, the party still has only one representative in the Parliament.

Other parts of the political spectrum did not receive organized representation following the election results. They are occasionally expressed by individual deputies. An example is Valery Varanetsky (before the election, the Chairman, now the Deputy Chairman of the Commission on International Affairs), a number of statements of whom in 2019 were approaching a liberal and

² Казакевіч А. Парламент: змены без наступстваў? *Белорусский ежегодник 2017*, <https://nmnby.eu/yearbook/2017/page4.html>.

national position. However, there was no stable and consistent representation of political views outside the CPB – RPLJ – BPP and LDP circle in 2019.

Belaja Rus. The 2019 elections did not change the status of *Belaja Rus*, which has not transformed into a political party and has not yet acquired additional functions and political influence. Its main functions remain activity in the mass media. The most significant result of the 2019 campaign for the organization was the election of Henadz Davydzka to the Parliament. Previously, the leadership of *Belaja Rus* was not represented in the Deputy corps. As before, two-thirds of the deputies formally belong to the organization, but there is no evidence of the influence of such a broad representation on the nature of the political activity of the Parliament.

Changes in the leadership

The work of the *first session* of the House of Representatives and the Council of the Republic in December 2019 ended with significant changes in the leadership of the Parliament. Speaker of the Lower House Uladzimir Andrejchanka retained his position, held since 2008. His Deputy became Valery Mickievich, who had been the Deputy Head of the Presidential Administration for ten years. Only *two* of the fourteen chairpersons – Ihar Marzaliuk (Commission on Education, Culture and Science) and Liudmila Makaryna-Kibak (Commission on Health, Physical Culture, Family and Youth Policy) – retained their positions at the level of permanent commissions. In *five* more cases, the deputies became chairpersons of the previous convocation. The remaining positions were taken by newly elected deputies. Among others the chairpersons became the head of *Belaya Rus'* Henadz Davydzka (Commission on Human Rights, National Relations and Media), former Ambassador to Turkey Andrei Savinykh

(Commission on International Affairs) and Supreme Court judge Sviatlana Lyubetskaja (Commission on Legislation).

The leadership of the Council of the Republic changed completely. Natalia Kachanova, who had previously served as the head of the Presidential Administration for *three* years, became the Chairperson. Anatoly Isachanka, the Chairman of the Minsk Regional Executive Committee (2017–2019), was elected as her Deputy. The heads of all permanent committees were also changed. Mikhail Rusy, Deputy Prime Minister (2012–2019) and assistant to the President for Mahilion region (2019) became a Chairperson of one of the permanent commissions.

Socio-demographic composition of the Deputy corps

The 2019 elections allow making observations on changes in the socio-demographic composition of the Deputy corps. In the field of representation of professional groups, the most noticeable trend was the doubling of the representation of state public organizations, political parties and the media (from 7 to 14 newly elected deputies) compared to 2016. At the same time, the representation of the manufacturing sector (industry, transport, construction) significantly decreased – approximately 8 instead of 23 newly elected deputies in 2016.

Also an important trend was the overall reduction in the number of people from the executive vertical of power. Their number was maximal in the House of Representatives of the fourth convocation (2008–2012), but then decreased continuously, and after the elections of 2019, made up 13 deputies. The fluctuation in the representation of other professional groups is not so significant.

As a result of the elections, there were changes in the age and gender composition of the House of Representatives, although

the political significance of such changes cannot always be reliably interpreted. 44 women (40%) were elected to the Lower House of the Parliament, which is an absolute record for the entire period of independence of Belarus. In the Belarusian model, an increase in the share of women in a representative body usually means a decrease in its influence, but in this case there is no reason to draw such a conclusion. The public role of the Parliament, in particular, has not decreased.

The age structure of the Parliament also became more diverse. For the first time since 2008, two deputies under the age of 31 were elected to the Parliament, while the number of people over the age of 60 also increased from four to nine. But the most significant trend was an increase in the number of deputies aged 50–60 years due to a significant decrease in the age of 40–50 years. In this way, the Parliament again becomes more of a career-level body, rather than a stepping stone to other positions.

Legislative activity

After a surge in 2017–2018 of Deputy activity to initiate laws, in 2019 such activity declined, which can be considered a natural continuation of the contradictory feedback that deputies received. Of the *five* laws proposed by deputies and passed by the House of Representatives in 2018, *two* were not signed by the President and returned to the Parliament with objections. After such an atypical (even emergency) situation, the projects were withdrawn and no longer accepted for consideration.

In 2019, deputies initiated only one draft law “On amendments and additions to the Electoral Code of the Republic of Belarus” (responsible Deputy Tacciana Marachkava), but it was soon withdrawn by the initiator.

In accordance with the practice established in recent years, the Council of Ministers initiated the absolute majority of laws

in 2019. The President's activity is limited to single acts – approval of budget expenditures, financial reports, and amnesty. The House of Representatives and the Council of the Republic did not reject or send for revision any of the bills initiated by the government and the President. The Parliament also took note of all the presidential decrees.

International activities

After the 2016 elections, there was a noticeable increase in the international activity of the Parliament, especially on the normalization of relations with the European Union and the United States. The peak of activity can be considered the holding of several important international forums in Minsk in 2017, including a meeting of the OSCE Parliamentary Assembly. After that, activity decreased, also due to the achievement of certain cooperation limits and the exhaustion of formats, which affected the international activity of the Parliament in 2019.

From the bilateral cooperation, the most high-profile visits were made to Belarus by the Polish parliamentary delegation led by Deputy speaker of the Sejm Ryszard Terlecki (August 21–23), the Slovak delegation led by the Chairman of the National Council of Slovakia Andrej Danko (June 2–5), Turkey led by the Chairman of the International Affairs Commission of the Grand National Assembly of Turkey Volkan Bozkir (September 10–13) and China led by the Vice-Chairperson of the Committee of the National People's Congress Shen Yueyue (April 1–3). At the level of parliamentary delegations, the Belarusian Parliament also communicated with parliamentarians from four European and two Asian countries – Germany, Sweden, Latvia, the Netherlands, Tajikistan and Iran.

In 2019, the practice of meetings with heads of foreign states during their official visits to Belarus was developed. In

this format, Uladzimir Andrejchanka met with the presidents of Georgia, Egypt and Zimbabwe.

As for the cooperation within the framework of inter-parliamentary organizations, as before, it remains tied to Russia and the post-Soviet space. The Parliamentary Assembly of the Union State in 2019 accounted for almost half (47%) of 68 inter-parliamentary contacts, together with the inter-parliamentary Assembly of the CIS member States and the Parliamentary Assembly of the CSTO, these formats accounted for more than 70% of meetings.

Conclusion

The election of the seventh convocation of the National Assembly was another attempt to construct a new political role for the Parliament. While maintaining the general trend towards the increasing of party representation and political diversity, the main result was the creation of a new political spectrum based on political and public organizations created on the basis of executive bodies, budget structures and state enterprises. The representation of such organizations in the Parliament increased, while the share of people from the vertical of power and manufacturing sector decreased.

Unlike the 2016 elections, representatives of alternative political forces and public organizations were not included in the Parliament.

The chosen model allows greater control over the Parliament and public space, but does not solve the problem of representation of a wide range of other political forces and positions.

LOCAL AUTHORITIES: STRUGGLE FOR THE FINANCIAL SUPPORT OF THE CENTER

Dmitry Kukhlei

Summary

In 2019, there were no institutional transformations in the local government system. However, the authorities are resuming discussions on the possible improvement of the system of administrative-territorial division, as well as on amendments to the legislation on local government and self-government.

The system of distribution of power competencies and budget funds among different levels of local government and self-government remains unchanged. At the same time, local authorities, e. g. agro-grantees of Viciebsk region and the ex-Soviet Directorate of Orša region are still able to lobby for additional support.

Nevertheless, the overall reduction in state support to regions across the country is actualizing the discussion about its compensation in the form of expanding the powers of local authorities, developing self-government and greater decentralization.

Trends:

- The share of local government funding in the distribution of public finances is decreasing;
- The lobbying weight of certain regional power groups remains greater than the measures taken by economic authorities to reduce state support;
- The reduction of the rural population, as well as the difficult economic situation in the regions, causes discussion about administrative and territorial reform and greater independence of local authorities.

Local government reform: regional power vertical vs central authorities

Last summer, the government resumed the debate on the possible reform that is connected with the system of local government. In the discussion of possible changes in the administrative-territorial division, the main task is to stimulate the economic development of the regions. Local authorities are still unable to cope with the demographic crisis, with a population decline in most Belarusian regions, and economic decline in the absence of large-scale state investments.

The pilot project in Orša region attracts constant attention of Minsk. However, even special control by the Belarusian leadership does not bring the efficiency expected from local managers. Their activities are constantly criticized by controllers from Minsk. Nevertheless, the strategic project for the development of Orša region continues to receive unprecedented state support, including budget funding.

Contacts with Western partners influence the updating of the topic of improving local self-government to a large extent. At the end of April 2019, the Chairman of the Congress of Local and Regional Authorities of the Council of Europe, Anders Knappe, paid an official visit to Belarus. He also met with President Alexander Lukashenko. The relevance of European experience in expanding the independence of local councils of deputies and other self-government bodies was discussed at the meeting.

EU technical assistance also remains an important factor for the Belarusian authorities to express their intentions to reform, decentralize and develop local self-government.

The Belarusian leadership talks about the program of accelerated socio-economic development of eleven cities with a population of more than 80 thousand people that should become regional drivers of growth. Representatives of the State Belarusian Institute for Strategic Studies organized a discussion

“Eleven centers of attraction – regional growth drivers”. Successful implementation of the program may entail administrative and territorial changes in the long term.

It is expected that the discussion on possible options for changes will resume after receiving data from the national census. However, most likely, if any changes are carried out, in the medium term they will not affect the system of the current vertical of power due to the conservative position of the head of state.

Local officials will resist the efforts of the economic and scientific bloc to implement the most ambitious reforms in the areas connected with the regional authorities. The position of local authorities will be supported by the head of the state. The argument for preserving the system that exists today is President Alexander Lukashenko’s concern that the entire power structure will become unbalanced. However, separate measures may be taken, including the integration of sparsely populated districts and village councils, as well as the transfer of certain social functions to inter-district structures.

Development of the local economy: conservatism of the local vertical of power and liberal measures of the government

The problem of unemployment is of particular importance for local authorities. According to official data, the number of districts with a tense situation in the labor market decreased from 52 to 28 units¹ over the year. Nevertheless, the regions continue to gradually lose their demographic potential and human

¹ “Колькасць раёнаў, дзе складана працаўладкавацца, зменшылася.” *Звязда*, 31 Jan. 2020, <http://zviazda.by/be/news/20200130/1580392210-kolkasc-rayonau-dze-skladana-pracauladkavacca-zmenshylasya>.

capital, as a result of which a shortage of labor can be predicted in some areas in the near future. Labor migration is a significant factor in this.

Local authorities show conservative approaches to the privatization of municipal property, which contradicts more liberal measures of the Belarusian government. For example, the head of the Minsk region Alexander Turchin criticized the chairpersons of district executive committees for the lack of initiative in the development of entrepreneurship.

The vertical of power in the regions seeks to maintain greater control and influence in the local economy by maintaining a high share of communal ownership. In particular, officials slow down the process of denationalization and transfer of even unprofitable enterprises and objects that are no longer used to independent businesses. Probably, in no small part this may be due to the anti-corruption campaign of the security forces.

This inertia of local management is one of the reasons for the lack of growth in personal income of local budgets. Thus, in recent years, personal income in the structure of local budgets has remained the same, at around 80% (see Table 1).

Table 1. Personal income in the structure of local budgets, 2016–2019

	2016	2017	2018	2019
Personal income of local budgets, %	78.8	79.6	79.0	78.22

In 2019 the financial authorities failed to win over local managers on issues of denationalization. Nevertheless, at the end of the year, the Ministry of Finance prepared a draft regulatory document that has a clause on the abolition of the pre-emptive right of local executive committees to purchase shares owned

² Бюллетень об исполнении местных бюджетов за 9 месяцев 2019 года. Министерство финансов Республики Беларусь, 01 Oct. 2019, http://www.minfin.gov.by/upload/bp/bulletin/2019_3/2019_3.pdf.

by the state. Its public discussion is planned to be organized in 2020.

Local councils: clubs for coordinating the interests of local and regional nomenclature

Some of the power elites popularize the idea of decentralization and redistribution of powers to the lower levels of government, elective chairpersons of village executive committees and refusal to elect deputies of village councils. The most well-known public proponent of this is a former Prosecutor General and former President of the Constitutional Court Ryhor Vasilevich.

In rural areas, the number of deputies of 1,152 village councils is 13,225 people.³ However, the village population continues to decline and will soon equal the number of residents of Minsk. At the same time, the Deputy corps of Minsk City Council is only 57 persons, although the Council of deputies of the capital has the rights of the regional and basic level.

In a situation of reduced resources, the state no longer has sufficient funds to maintain social functions and administrative apparatus in rural areas. However, for the time being, the primary level of government and self-government retains its institutional structure. At the same time, social responsibility is increasingly shifted to agricultural enterprises.

Within the system of local councils, representatives of various groups of local and regional nomenclature coordinate their interests. In years of Parliamentary elections, the ideological function of local councils and deputies increases. The issue

³ Сведения об итогах выборов депутатов местных Советов депутатов двадцать восьмого созыва. Центральная комиссия Республики Беларусь по выборам и проведению республиканских референдумов. 21 Feb. 2018, http://rec.gov.by/sites/default/files/pdf/Elections-MS28-elect_56-57.pdf.

of representation or protection of the interests of voters is not even considered, as, for example, the problems of harmful production or compaction. The political leadership motivates local deputies to make more frequent contact with the population to explain state policy and relieve tension on problematic issues, which brings little fruit in relation to high-profile cases.

Attempts to reindustrialize regions in order to save jobs lead to a clash of interests between investors and residents on environmental issues. Local authorities are not able to completely stop the protest movements for a better environment, such as in Brest (Accumulator Battery Plant) and Mahilioŭ (Omsk Carbon) or Svietlahorsk (Pulp and Paper Mill). However, the local authorities in Brest were forced to terminate the contract with the ABP investor and put the owners to the dock because of the public pressure.

Regional associations of local councils of deputies are considered as an additional mechanism for attracting funds, including foreign donors. In 2019, in addition to Hrodna and Mahilioŭ, an Association was established in Viciebsk region. Moreover, the initiative to create this Association came not from the local councils of Viciebsk region, but from the Council of the Republic of the National Assembly. It is doubtful that the Association created in this way tried to lobby the interests of self-government to higher institutions.

Traditionally, the staff rotation of the vertical leadership continues, which replaces the institution of elections in the Belarusian power system. In all regions, new chairpersons were appointed in 23 districts out of a total of 118 district executive committees. A full staff renewal of the district leadership takes place within 4–5 years, although in some districts there are ‘long-lived’ chairpersons.

New heads of Mahilioŭ and Homiel regional executive committees were appointed. The change of the head of Mahilioŭ region occurred after a scolding that Alexander Lukashenko gave

to the local vertical of power following his visit to the farm in Škloŭ district. The head of the state often uses for the rotation of regional and district officials certain obvious examples of failed economic activities after his demonstrative site audits. At the same time, the Homiel regional executive committee waited *four months* for the appointment of its chairperson.

It should be noted that the head of the presidential administration recognizes certain difficulties in finding appropriate candidates for the post of chairpersons of district executive committees. One of the main tasks of the personnel policy of the Belarusian leadership in the regions is to rejuvenate the vertical of power.

Lobbyists from the regions vs financial authorities

The consolidated budget allocation system has maintained its previous trend. The share of local budget expenditures continues to decrease every year, albeit slightly (see Table 2). Local authorities have a smaller share of the total “financial pie” of the country from year to year.

Table 2. Expenditures of the consolidated and local budgets, 2015–2019

	2015	2016	2017	2018	2019
Consolidated budget expenditures, BYN billion	25.038	27.322	28.727	33.089	37.491
Local budget expenditures, BYN billion	13.759	14.972	16.213	17.893	20.058
Local budget expenditures, % of the consolidated budget	54.95	54.80	54.50	54.10	53.50

However, local authorities and lobbyists partially compensate for the reduction in their share of public spending through

other mechanisms. For example, a major project to develop budget support is the program for the development of Orša region, which has been going on for several years. The Viciebsk leadership managed to further lobby for the creation of a super-large holding with state support. Although the authorities recognize the unprofitability of three of the four holdings that already exist, and the head of state has repeatedly criticized farmers for poor financial performance.

The high level of debt of local government bodies and agro-business, and mainly poor financial discipline caused harsh criticism by the President during his visits to the regions. The total amount of local government debt was BYN 5 billion, or 4.1% of GDP, as of 1 January 2019⁴. The practice continues when local budgets have to repay loans on behalf of unprofitable agricultural organizations. At the same time, the local vertical of power remains hostage to the policy of the top management, which allocated financial resources and other support to farmers on preferential terms.

In some regions, managers largely ignore the approaches of financial authorities to debt relief and economic discipline. The largest arrears were in Viciebsk region (BYN 251.2 million), then in Minsk (BYN 96 million) and Brest (BYN 13 million). The most financially responsible were the authorities of Minsk and Hrodna region, which had no overdue debts.

Despite public criticism from the head of the state for the largest debts among other regions in the amount of BYN 3 billion, Viciebsk vertical of power retains a significant lobbying influence. The leadership of Viciebsk farmers lobbied for the creation of a super-large holding, and once again received numerous benefits, deferrals and installments, exemption from payments for all types of debts.

⁴ «Про это не было в президентском разное: как АПК и местные власти не спешат платить по долгам.» Tut.by, 31 Mar. 2019, <https://news.tut.by/economics/631993.html>

At first, the creation of the holding, first of all its structure, caused dissatisfaction with the chairpersons of district executive committees, as a result of which they lost influence on agricultural organizations on their territory. They were supported by President Alexander Lukashenko with a statement about the possible unbalancing of the power vertical in Viciebsk region. After the intervention of the head of the state, the agrarian lobby, together with the regional executive committee and the district leadership, whose interests were protected by the President, came to a consensus⁵. The creation of a super-large holding is planned for early 2020.

Conclusion

Lobbying nomenclature from certain regions allows circumventing the measures of the financial authorities to limit state support to the unprofitable sector of the economy. The largest lobbying weight among other regions belongs to the authorities of Viciebsk region, who plan to start another major project in the agricultural sector at the expense of public funds in 2020.

In the year of the Presidential election, the authorities will not take any actions to change the system of local government and self-government, or reorganize administrative divisions. However, certain measures may be taken to balance the existing system of administrative-territorial division and a greater independence could be given to local executive committees.

Local authorities maintain full political loyalty to the Belarusian leadership and are fully controlled by it. It is doubtful that

⁵ «Указ Президента Республики Беларусь от 25 февраля 2020 года № 70 “О развитии агропромышленного комплекса Витебской области”.» Национально-правовой интернет-портал Республики Беларусь, 25 Feb. 2020, <http://pravo.by/document/?guid=12551&p0=P32000070&p1=1&p5=0>.

during the elections in some ranks and at any level there will be something out of order, and that the vertical of power will not provide the necessary results. At the same time, after the election, it is quite possible to see a reshuffle of personnel in those regions that showed the worst results during the Presidential campaign.

FOREIGN
POLICY

BELARUS – EUROPEAN UNION: NORMALIZATION WITHOUT QUALITATIVE BREAKTHROUGHS

Denis Melyantsou

Summary

In 2019, Belarus made significant progress in normalizing relations with the European Union. However, the progress was symbolic and did not bring the expected dividends to Minsk.

There were a large number of high-level and the highest-level visits, which illustrates how Belarus is leaving international isolation and moving in the Western direction. Some visits were significant, such as the visit of Austrian Chancellor Sebastian Kurz to Minsk and the return visit of Alexander Lukashenko to Vienna.

The disappointed statement of the European Union regarding the parliamentary elections held in Belarus did not lead to a deterioration of political relations. Minsk expects that issues of democracy as a criterion for progress in relations with the European Union will take a back seat.

Trends:

- Expanding practical cooperation in project and investment areas;
- Delays in negotiations on important bilateral agreements against the background of an almost reached agreement on visa facilitation;
- Intensification of cooperation with individual member countries of the European Union;
- Using the topic of regional security to improve international reputation.

Visits and negotiations

The year 2020 in relations between Belarus and the European Union began with two visits to Minsk by the foreign Ministers of the EU member states. On January 14, the official visit of the

Minister of Foreign Affairs and Trade of Hungary Péter Szijjártó took place, who held talks with Alexander Lukashenko, Sergei Rumas, Vladimir Makei and others. On January 15, the Federal Minister for Europe, Integration and Foreign Affairs of Austria, Karin Kneissl, visited Belarus. The main point of her visit was the official opening ceremony of the new office of the Austrian Embassy in Minsk.

In communication with both the Hungarian and Austrian sides, the similarity of the positions of Minsk, Budapest and Vienna in relation to the political situation in the Eurasian space was emphasized: a common focus on building bridges and reducing confrontation.

On February 6–8, Belarusian Prime Minister Sergei Rumas paid a working visit to Italy, where he held talks with Deputy Prime Minister Luigi Di Maio. Finance Minister Maxim Yermolovich met with Economy and Finance Minister Giovanni Tria. This is the first visit of this level in a decade.

An important event was the visit of the Belarusian delegation headed by Mikhail Myasnikovich to Poland. This visit was distinguished by the level of meetings and their number that took place in Warsaw and Bialystok. Relations with Poland developed positively throughout the year.¹

In February, European Commissioner for Budget and Human Resources Günther Oettinger visited Minsk and met with President Alexander Lukashenko, Head of Government Sergei Rumas and Finance Minister Maxim Yermolovich.

A significant event was the visit of the Federal Chancellor of Austria, Sebastian Kurz to Belarus. The reason for the long-planned visit was the opening (March 28) of the monument to the victims of Nazism “Array of Names” on the territory of the memorial complex “Trascianiec”. The next day, on March 29, during the talks first with Alexander Lukashenko and then with

¹ For details see Anna Dyner’s article “Belarus – Poland: Emphasis on security” in this *Yearbook*.

Sergei Rumas, issues of economic cooperation and regional security were discussed. Security is an area in which Minsk and Vienna demonstrate the closeness of their positions.

On October 20–22, Foreign Minister Vladimir Makei paid a two-day visit to Berlin which began with talks with German Foreign Minister Heiko Maas. As a result of the negotiations, the parties said that they would work on creating a special format for regular strategic consultations. Taking into account the role of Germany in the foreign policy of the entire European Union, such consultations will also be of a great importance for relations between Minsk and Brussels.

The main event of the year in the European direction was the official visit of Alexander Lukashenko to Austria. This is the first official visit of the Belarusian President since the crisis of relations between Belarus and the European Union, which had begun in late 2010, followed by a difficult and long process of normalization. This visit, which can be called a breakthrough, signals the release of Belarus from isolation and returns top-level visits to the agenda.

In this context, it becomes clear that the Belarusian President refused invitations to high-level multilateral meetings and to capitals that were less important for European politics before (for example, to Brussels for events on the occasion of the tenth anniversary of the Eastern Partnership, or to Warsaw for the anniversary of the beginning of World War II). It seems that it was important for Alexander Lukashenko to make the first full-fledged official visit to the country of “old” Europe and in a bilateral format, so as not to get lost in the crowd of other heads of state and government.

In Vienna, Alexander Lukashenko held talks with Federal President Alexander van der Bellen, Chairman of the National Council of Austria Wolfgang Sobotka and Chairman of the Austrian People’s Party Sebastian Kurz. In addition, a large business forum was held during the visit, where the President of Belarus

also spoke. As a result of the forum, numerous business agreements were announced, most of which are preliminary in nature. At the same time, it should be noted that, for example, the Belarusian metallurgical plant concluded export agreements worth about EUR 100 million.

On November 5, the first visit of the Belarusian Foreign Minister to Sweden took place in the history of independent Belarus. Vladimir Makei held talks with the Foreign Minister and the speaker of the Riksdag (Parliament) of Sweden. A high-level meeting on the development prospects of the Eastern Partnership was held in a multilateral format, which was attended by Foreign Ministers of all partner countries. During his speech, Vladimir Makei emphasized the position and proposals of Minsk in the framework of the Eastern Partnership.

Even more remarkable was the return visit of Swedish Foreign Minister Ann Linde, who arrived in Minsk on November 25 with her Finnish counterpart. It is important to note that this was the first visit of the current Swedish Foreign Minister to Belarus since 1992. The Finnish Minister arrived in the status of a representative of the country-President in the Council of the European Union. Opening the meeting with the two Ministers, President Lukashenko stressed that he considers it a “positive moment” that the visit took place at the end of the parliamentary campaign in Belarus. This indicates that official Minsk took the visit as a measure of building confidence on the part of the Scandinavian countries and the entire European Union, despite the cool attitude of Brussels to the results of the Belarusian parliamentary elections.

Strategy and rhetoric

The fifth of March held a large-scale meeting with the President on the issues of Belarus’ participation in integration structures

and cooperation with European organizations. Main topic was relations with Russia against the background of numerous contradictions on the bilateral and multilateral (within the framework of the EEU) tracks. However, much attention was also paid to relations with the European Union. Alexander Lukashenko stressed both the achievements and the continuing problems in these relations.

The achievements in relations with the European Union include: investment growth, an increase in the trade surplus, the general development of contacts, cooperation with the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD), and the Eastern Partnership, where projects interesting to Minsk appear. At the same time, Alexander Lukashenko said that “the ice in relations with the European Union has not melted”, noting the continuing sanctions and the EU’s evasion from concluding a basic agreement.²

During the meeting, the President formulated a conceptual vision of relations with the European Union in the context of Belarus’ foreign policy balance: “We will reach a balance only when the EU market turns into a real alternative to the Russian one, not on paper, but in practice, based on concrete results.”

In early October, consultations with representatives of the authorities and civil society were held in Minsk, organized by the EU Delegation to Belarus. Deputy Foreign Minister Oleg Kravchenko, who is in charge of relations with the European Union, also spoke at the meeting and emphasized a number of priority interests of Minsk in the framework of the Eastern Partnership. These priorities were repeatedly voiced by Belarusian

² «Совещание по вопросам участия в интеграционных структурах и сотрудничества с европейскими организациями.» *Официальный интернет-портал Президента Республики Беларусь*, 05 Mar. 2019, http://president.gov.by/ru/news_ru/view/soveschanie-po-voprosam-uchastija-v-integratsionnyx-strukturax-i-sotrudnichestva-s-evropejskimi-20640/.

diplomacy at various levels, but here they were spoken about in the most concentrated manner: technological innovations, access of Belarusian enterprises to the EU markets, cooperation in the areas of standardization and mutual recognition of conformity assessment systems, investment in transport infrastructure, and cooperation in border management.

Legal framework

In 2019, an important process in bilateral relations was the preparation of an agreement on visa facilitation with the European Union. On September 20, Alexander Lukashenko decided to sign agreements with the European Union on visa facilitation and readmission. After many years of negotiations and statements from both sides that the document is “in a high state of readiness”, Minsk and Brussels really came close to concluding it.

However, in the reporting year, the final point in this process could not be put. According to the Press Secretary of the Belarusian Foreign Ministry, Anatoly Glaz, the draft agreement on readmission, which proved to be the most difficult for the negotiators, provides Minsk with a two-year transition period for the readmission of third-country citizens³. The draft joint Declaration to the agreement sets out the EU’s obligation to provide Belarus with technical and financial support for the implementation of the document.

During the year, there was no progress on the “Partnership Priorities”, although there were some signals that Lithuania was softening its position. The document entitled “Partnership

³ «Лукашенко одобрил проекты соглашений по визам и реадмиссии с Евросоюзом.» *БелТА*, 20 Sep. 2019, <https://www.belta.by/politics/view/lukashenko-odobril-proekty-soglashenij-po-vizam-i-readmissii-s-es-362782-2019/>.

Priorities” should outline the main areas of work of Belarus and the European Union and open up additional opportunities for financing joint projects. It is considered an interim temporary agreement in the absence of a basic bilateral agreement. But after Lithuania linked the agreement on “Partnership Priorities” with the issue of the Belarusian nuclear power plant and actually blocked the negotiations, it became clear that the document is unlikely to become a reality. Since the document had a fixed time period (2017–2020), its meaning was lost during the negotiations.

On May 2, Alexander Lukashenko held a meeting with ex-President of Lithuania, MEP Roland Paksas, during which he stated that Minsk wanted to have “peaceful and friendly relations with Lithuania”. He also expressed the wish that the visit of Paksas would be the beginning of discussion of bilateral issues. The Lithuanian Foreign Ministry chose to withdraw from the visit of Paksas to Minsk, saying that he “does not represent Lithuania”.

In the same days, the Lithuanian Foreign Ministry sent an appeal to the European Commission to develop an action plan for the Belarusian NPP. However, in general, hopes for a softening of Lithuania’s position remain. At least, President-elect Gitanas Nausėda declared his readiness and desire to negotiate with Belarus.

A notable step in the search for a compromise between the EU and Belarus was the proposal of the Finnish Foreign Minister (who also represented the EU during his visit to Minsk) on the possibility of strengthening the security of the Belarusian NPP and, consequently, the trust between Vilnius and Minsk by working in the Finland – Lithuania – Belarus trilateral format. This proposal was preceded by a request from Alexander Lukashenko that Finland share its experience in ensuring the safety of a similar Hanhikivi-1 station being built on its territory (by the same Russian contractor). A few days later, Lithuania,

through the mouth of the presidential adviser, rejected this proposal, stressing that any format of negotiations should involve the entire European Union, and not individual member states.

Nevertheless, the Finnish Minister's proposal indicates that positive expectations are dominating in Brussels about the possibility of resolving the conflict over the Astraviec nuclear power plant, which will remove Lithuania's "veto" on negotiations between Belarus and the European Union.

Over the course of the year, Minsk continued to try to initiate negotiations on a basic *Partnership and Cooperation Agreement* that would cover the entire spectrum of political and economic relations between Belarus and the European Union. In turn, Brussels follows the previous approach, in which the "Partnership Priorities" must first be agreed. Only then negotiations on a basic agreement can begin.

Thus, in the political dimension, Belarusian-European relations have reached a certain "plateau", which is characterized by positive dynamics of contacts and communication in the absence of qualitative improvements.

Reaction to the parliamentary elections

The parliamentary elections in Belarus were an important event for Belarusian-European relations. As a result of election observation, the OSCE issued an expected critical preliminary report⁴, pointing out significant violations and non-compliance of the elections with democratic standards. Nevertheless, the European External Action Service (EEAS), although quoting

⁴ «Заявление о предварительных заключениях и выводах.» *Международная комиссия по наблюдению за выборами*, <https://www.osce.org/ru/odihr/elections/belarus/439385?download=true>.

a negative report from the OSCE, reacted relatively mildly⁵ to the election outcome. The document also notes the positive co-operation between Belarus and the European Union over the past three years.

Trade and investment

In 2019, trade and investment relations and sectoral dialogues showed greater dynamics compared to the political dialogue. Sectoral dialogues in the fields of economy and finance, trade and customs, and environmental protection were intensified.

Investment cooperation developed rapidly, and an agreement was reached to increase the investment portfolio of the European Investment Bank (EIB) in Belarus to EUR 550 million. An agreement was also signed to expand sustainable energy use, as well as EIB agreements with Belarusbank and Belagroprombank. Special emphasis in cooperation programs is placed on supporting small and medium-sized businesses. As a result of the meeting between Sergei Rumas and the EIB Vice-President, loan agreements were signed for the reconstruction of the M7 Minsk – Vilnius highway (EUR 110 million) and the modernization of the water treatment system (EUR 66 million).

An important event can be considered the investment forum of the Eastern Partnership countries, which was held under the auspices of the EBRD in London. It is noteworthy that the initiative came from Belarus. The official delegation was headed by Prime Minister Sergei Rumas, who met with European Commissioner Johannes Hahn. In the new composition of the European

⁵ “Statement by the Spokesperson on the parliamentary elections in Belarus.” EEAS, 18 Nov, 2019, https://eeas.europa.eu/headquarters/headquarters-homepage_en/70603/Statement%20by%20the%20Spokesperson%20on%20the%20parliamentary%20elections%20in%20Belarus.

Commission, Hahn received a budget portfolio, so the discussion mainly developed around the future interaction of Belarus with the European Commission.

A loan agreement was signed with the EBRD for the reconstruction of twelve bridges and the M3 highway (EUR 259 million). The EBRD signed a Memorandum of Understanding with Belorusneft on a program to build and expand a network of charging stations for electric vehicles. In 2019, the EBRD set a record in its activities in Belarus by investing more than EUR 390 million in 24 projects⁶.

On December 19, the Council of the European Union launched negotiations between the European Commission and Belarus on the conclusion of an Agreement on Customs Cooperation and Mutual Administrative Assistance.

In 2019, the trade turnover of Belarus with EU countries decreased by 9.0%, to USD 15.660 billion, compared to 2018. At the same time, exports decreased by 17.5% to USD 8.396 billion (growth in 2018 compared to 2017 was 29.8%), imports increased by 3.4% to USD 7.264 billion. Thus, the positive balance of foreign trade in goods amounted to USD 1.132 billion. Of the total volume of Belarusian exports, the EU accounted for 25.5% (in 2018 – 30.0%), while the share of imports from the EU was 18.5% (in 2018 – 18.3%).

Conclusion

In 2019, the Belarusian leadership pursued a policy of normalizing relations with the European Union. Alexander Lukashenko's visit to Austria symbolized Belarus' exit from isolation and

⁶ «ЕБРР увеличил финансирование проектов в Беларуси на 19.4% до 430 млн евро в 2019 году.» Интерфакс-Запад, 13 Jan. 2019, https://interfax.by/news/policy/ekonomicheskaya_politika/1269867/.

legitimized high-level contacts within the European Union. Last year, the long process of negotiations on visa facilitation was actually completed, but the parties did not have time to sign the agreement.

Belarus made no progress on the priorities of the partnership and the basic agreement with the European Union. However, it made significant progress in cooperation with European financial institutions. As expected, the results of the Belarusian parliamentary elections did not significantly affect the dynamics of relations with the European Union.

In 2020, official Minsk will continue working to increase cooperation with the European Union. In particular, further efforts will be made to develop the legal framework for relations.

The 2020 Presidential election will remain a significant milestone in shaping Brussels' policy towards Belarus. However, in the absence of harsh repressive measures by the Belarusian authorities during the election campaign, it will not have a negative effect on the course of bilateral cooperation.

BELARUS – RUSSIA: TWO DECADES OF REGRESSIVE INTEGRATION

Anatoly Pankovski

Summary

The year 2019 saw intensified Belarusian-Russian integration. A rather large-scale attempt was made to revise the Belarus-Russia Union State Treaty. Belarus was trying to achieve special (favorable) terms of Russian supplies of energy commodities. By the end of the year, the comprehensive negotiations reached a stalemate. The increased frequency of contacts between the political and economic elites of Belarus and Russia did not help remove any points from the bilateral agenda, which lead to total uncertainty in bilateral relations in early 2020.

Trends:

- Extremely low effectiveness of negotiations between the leaders of Belarus and Russia;
- Hard efforts made by both parties to modify and deepen integration;
- Continuing deterioration in the terms set for the supply of crude oil to Belarus and, consequently, the loss of regional competitive advantages for Belarus;
- Continuing heavy dependence of the Belarusian economy on Russia.

Reproduction of the agenda: the goal is nothing,
negotiations are everything

The extremely low effectiveness of Belarusian-Russian political and economic dialogue was crystal clear in 2019. Although the presidents and top executives held talks and consultations a huge number of times, no important agreements were reached, as in 2018. The few signed agreements cover short periods of

time, which indirectly indicates that the parties did not expect to finally agree on anything.

This is true not only when it comes to the usual trade disputes, especially regarding of Russian oil and gas supplies to Belarus, but also the areas where concord seemed to be quite achievable. For instance, the abolition of roaming in the Union State, which was said to be ‘a matter of little time’ as far back as late 2018, was suddenly linked with Minsk’s consent to accept all deeper integration roadmaps. In other words, it was postponed indefinitely. In December 2019, State Secretary of the Union State Grigory Rapota said, among other things, that telecom operators were reluctant to abolish roaming as it contradicted their business interests.¹

The situation with the mutual recognition of visas by Belarus and Russia is similar, although both had been working hard for years to approach an agreement. Officials say everything was ready, and “only the presidents’ signatures were needed.”²

There is an extensive list of “virtually resolved” issues and “prepared” agreements awaiting a final political decision at the highest level. However, this list has not become shorter over the past twenty years since the signing of the Union State Treaty in 1999.

Acceleration of integration: regressive mode

Updates of the agenda of Belarusian-Russian integration and concrete steps to accelerate it topped the political news and gave rise to numerous speculations in 2019. Russia initiated

¹ «Рапота рассказал о соглашении по признанию виз и отмене роуминга.» СОЮЗ. Беларусь – Россия, 10 Dec. 2019, <https://rg.ru/2019/12/10/rapota-rasskazal-o-soglashenii-po-priznaniuu-viz-i-otmene-rouminga.html>.

² Ibid

a legal revision (or ‘fine tuning’) of the Union State Treaty in 2018 against the backdrop of heated debates on equality for business entities of the two states regarding energy prices.

An ad hoc group was appointed in late 2018 to resolve pressing issues and step up integration processes. Announcing the results achieved by this group, all persons involved reported that the approved version of the Program of Action of the Russian Federation and the Republic of Belarus to Implement Provisions of the Treaty on the Establishment of the Union State of December 8, 1999 (the name of the ad hoc group’s product) leaves the basic principles of the Treaty unchanged. This particularly concerns the parity in making decisions.³ The Constitutions, sensitive political matters and all points directly connected with the sovereignty of the countries were taken out of the picture. Belarusian Prime Minister Sergei Rumas described the cornerstone of the *Program* as “two countries – one market”⁴, which means that uniform rules are applied to economic agents, whereas the governments abide by their own rules.

The work on integration continued throughout the year with some interim success. On September 6, Sergei Rumas and his Russian counterpart Dmitry Medvedev initialed an updated integration program, a framework plan for the progressive implementation of the roadmaps. This symbolic success was, in fact, the last, despite the growing number of bilateral consultations in the last quarter of the year. There was a probability that some important integration documents would be signed at least in the most general form and presented to the public before December 8, 2019, the 20th anniversary of the Union State

³ This is what Belarus, certainly, wants much more than Russia.

⁴ «Беларусь и Россия могут уже в сентябре этого года подписать программу действий по дальнейшей интеграции в рамках Союзного государства.» *Sputnik Belarus*, 28 Aug. 2019, <https://sputnik.by/economy/20190823/1042508174/Rumas-pro-printsip-integratsii-s-Rossiey-dve-strany---odin-rynok.html>

Treaty. But after a regular round of bargaining over the energy supply terms and some other cooperation matters, which took place in December, it became clear that the most important negotiations on the harmonization of the roadmaps were postponed.

It is significant that the talks on accelerated integration were nontransparent to the uttermost. Even the regulatory legal acts that sanctioned the talks on the text of the Treaty were not available in the public domain.⁵ Since only snippets of information on the subject of the negotiations could be obtained, the final package of agreements remains a sealed book. Those involved in their development spoke about 28 or 30 integration roadmaps. During the December series of talks, information surfaced that Belarus was presumably suggested signing the 31st roadmap that prescribed the establishment of several joint supranational bodies, including tax and customs agencies, a single court, chamber of accounts and ministry of defense, a single currency, etc.⁶

Also, there are questions about the international legal status of such integration roadmaps that were not expressly named in the Union State Treaty. Despite public inquiries, Belarusian state bodies (the Ministry of Economy in particular) still have not given a clear answer about the status of the initialed *action program* and the *roadmaps*.⁷

⁵ См. Федотов, Олег. «Доступ общественности к документам о белорусско-российской интеграции: миссия под вопросом.» *Наше мнение*, 18 Nov. 2019, <https://nmnby.eu/news/analytics/6976.html>.

⁶ «31-я “дорожная карта” ударит по суверенитету Белоруссии.» *Независимая газета*, 24 Dec. 2019, http://www.ng.ru/cis/2019-12-24/1_7760_belorussia.html.

⁷ Федотов, Олег. «Доступ общественности к документам о белорусско-российской интеграции: миссия невыполнима?» *Наше мнение*, 14 Nov. 2019, <https://nmnby.eu/news/analytics/6973.html>.

Energy: beyond the action plan

The talks on Russia's oil and gas supplies to Belarus have usually remained outside integration processes, being a sole prerogative of the top leadership of the countries and supplying companies, although, theoretically, supply agreements could be reached and executed by agencies of the Union State or the Eurasian Economic Union (EEU, previously EurAsEC), and Russia often uses supplies as leverage to pressurize its ally.

“Cheap energy in exchange for integration” is a possible formula for a compromise. However, many years of bickering have not produced any significant results, and the problem of energy contracts is an area of opportunistic and voluntaristic decisions. No one can say exactly how deep Belarusian-Russian integration should be at the current energy prices, or what the price should be at this depth.

In 2019, Belarus received oil under previously signed yearly contracts. Numerous (and ineffective) negotiations mainly focused on compensation for Belarus' losses incurred due to the tax maneuver in the Russian oil sector, which has been carried out since 2015. Table 1 shows that at the end of the year, Belarus' oil margin was the lowest in the past 10 years, and Belarus was a *petroleum state* for only *five years*. Formally, the Russian government is responsible for this, given its fiscal manipulation, i. e. taxing the entire volume of produced oil instead of only exported crude.⁸

The descending curve of the share of Belarusian transit in the export of Russian oil is even a more significant factor in bilateral relations in the energy segment. Russia is working on the routes for delivering oil to customers that bypass Belarus, and, accordingly, is losing interest in the *Druzhba* pipeline.

⁸ Экспортные пошлины на нефть и нефтепродукты обнуляются, налог на добычу полезных ископаемых увеличивается.

Table 1. Dynamics of Russian crude oil supplies to Belarus, 2008–2019

Period	Average price of Russian oil, USD per ton		Ratio of oil prices for Belarus and for countries outside the CIS, %	Belarus' total import of Russian oil	
	for Belarus	for countries outside the CIS		in physical terms, million tons	in monetary terms, USD million
2008	442.3	696.3	63.5	21.461	9,492.0
2009	328.5	420.1	78.2	21.509	7,065.0
2010	434.4	557.3	78.0	12.962	5,630.9
2011	410.2	784.5	52.3	18.148	7,444.3
2012	392.9	801.6	49.0	21.338	8,384.4
2013	394.7	781.0	50.5	21.261	8,392.1
2014	339.0	730.5	46.4	22.508	7,629.3
2015	247.3	378.9	65.3	22.919	5,668.2
2016	218.7	294.8	74.2	18.098	3,958.2
2017	294.3	375.3	78.4	18.065	5,317.0
2018	373.9	505.3	74.0	18.248	6,822.7
2019	365.6	460.7	79.4	17.998	6,580.8

Source: BusinessForecast.by based on data of the National Statistics Committee of Belarus and the Federal State Statistics Service of Russia

The incident with contaminated oil in the Belarusian pipeline (the largest one in the history of Soviet and Russian oil supplies to Europe) was an outstanding marker of the state of affairs in this area. The substandard oil ‘selectively’ damaged *Druzhba*, but not the new BTS-2, which starts from the same Unecha (Vysokoye) point as the Belarusian pipeline. This circumstance once again actualized the question about the importance of the *Druzhba* pipeline to Russia’s oil transit.

Over the past two decades, Belarus’ share in Russia’s oil export has more than halved to 15.7% in 2019 from 38% in

2000-2001.⁹ In these circumstances, Belarus can hardly claim the status of a petroleum state even in exchange for deeper integration. As of early April 2020, Belarus did not have a single contract with the largest Russian oil companies, and only procures small volumes from minor traders.

The situation was somewhat better with natural gas supplies to Belarus. It became obvious in the autumn of 2019 that the commissioning of the *Nord Stream 2* gas pipeline was postponed to at least the second half of 2020, among other things, because

Table 2. Dynamics of Russian natural gas supplies to Belarus, 2008–2019.

Period	Average price of Russian gas, USD per 1,000 m ³		Ratio of gas prices for Belarus and all states, %	Belarus' total import of Russian gas	
	for Belarus	for all states		in physical terms, billion m ³	in monetary terms, USD million
2008	42.0	353.7	11.9	21.000	2,675.5
2009	50.0	249.3	20.1	18.000	2,601.2
2010	187.6	268.5	69.9	21.570	4,046.0
2011	265.5	338.9	78.3	19.998	5,308.7
2012	168.4	348.3	48.3	20.252	3,410.8
2013	165.7	335.9	49.3	20.260	3,358.1
2014	170.1	313.8	54.2	20.052	3,411.0
2015	144.5	225.3	64.1	18.790	2,714.8
2016	136.6	157.0	87.1	18.640	2,546.9
2017	146.2	181.5	80.6	19.014	2,779.2
2018	132.4	222.8	59.4	20.330	2,690.8
2019	130.2	189.3	68.8	20.261	2,637.5

Source: BusinessForecast.by based on data of the National Statistics Committee of Belarus and the Federal State Statistics Service of Russia

⁹ Костюгова, Валерия. «Не тот конец “Дружбы”» *Наше мнение*, 16 May 2019, <https://nmnby.eu/news/analytics/6850.html>.

of the American sanctions. Gas prices in Europe fell considerably by December. Ukraine grabbed the opportunity and entered into a relatively lucrative 5-year contract with Gazprom. Belarus' bargaining position in talks with Gazprom is generally not worse, as the country is the *second* largest transiter of gas to the EU after Ukraine and the *second* largest market for Russian gas in Europe after Germany (Table 2).

The parties traditionally were bearish, being a pain in the neck for each other as they have been doing for quite a while as 'good allies', failing to enter into a supply contract before the end of the year. In the dying hours of 2019, Gazprom head Alexei Miller and Belarusian Ambassador to Russia Vladimir Semashko signed a protocol on gas prices for Belarus for the first two months of 2020. The price remained at USD 127 per 1,000 cubic meters. Amendments to gas transit and supply contracts extended them until 2021.

Trade

In 2019, Belarusian-Russian trade turnover decreased by just 0.2% year on year in value terms. Belarus reported a trade deficit of USD 8.414 billion, which can be considered an improvement compared with 2018. Belarus' exports to Russia grew by 4.5%, while imports reduced by 2.8%, mainly because of a decrease in oil purchases (Table 3).

It is significant that over the past ten years, Belarus increased food supplies to Russia, whereas the proportion of products of Belarusian industrial giants is in decline. According to the Embassy of Belarus in Russia, in 2019, Belarus mainly exported:

- cheeses and cottage cheese (6.9% of Belarus' total commodity exports to Russia);
- trucks (5.5%);
- butter (2.7%);

Table 3. Dynamics of Belarus-Russia trade in commodities in 2013–2019, USD million¹⁰

	2013	2014	2015	2016	2017	2018	2019	% against 2018
Trade turnover	39,742	37,371	27,533	26,114	32,424	35,561	35,552	99.8
Exports	16,837	15,181	10,398	10,948	12,898	12,986	13,569	104.5
Imports	22,904	22,190	17,143	15,306	19,599	22,619	21,982	97.2
Deficit	6,067	7,009	6,745	4,558	6,701	9,633	8,414	

- tractors and truck tractors (2.4%);
- parts and accessories for cars and tractors (2.2%);
- furniture (2.1%);
- condensed and dried milk and cream (1.9%);
- fresh or chilled beef (1.6%);
- meat and edible offal of poultry (1.6%).

Belarus mainly *imported* from Russia:

- crude oil, including gas condensate (29.9% of total commodity imports from Russia);
- petroleum gases and other gaseous hydrocarbons (12.0%);
- passenger cars (4.3%);
- waste and scrap of ferrous metals (1.5%).¹¹

As in 2018, Russia accounted for 49.2% of Belarus' exports. In accordance with resolution No.18 of the Council of Ministers of

¹⁰ Данные на основе Интерактивной информационно-аналитической системы распространения официальной статистической информации. Национальный статистический комитет Республики Беларусь. 29 Apr. 2018, <http://dataportal.belstat.gov.by/AggregatedDb>.

¹¹ «Об итогах внешней торговли Беларуси с Россией в 2019 году.» Посольство Республики Беларусь в Российской Федерации, <http://www.embassy-bel.ru/trade-relations/>.

Belarus of January 12, 2017, the export diversification target for 2019 was as follows: EEU – 36.6%, EU – 31.8%, other countries – 31.6%. The goal is to reduce Belarus' dependence on external factors and approach new markets.

In fact, the even distribution of trade flows in 2019 was a spectacular failure. Without economic reforms, Russia remains a single-alternative trading partner of Belarus.

Conclusion

The allies entered the year 2020 in a state of actual (albeit silent) oil war. The possibility of large energy contracts, which are the most important motive and, at the same time, a stumbling block for integration, does not look very encouraging for Belarus. Compromise oil supply agreements, which would not entirely satisfy the parties, are possible as the presidential election in Belarus approaches.

It is likely that the debates about the integration roadmaps will resume at this point. Alongside the oil supply uncertainty, the economic recession will grow worse in 2020, and Alexander Lukashenko will have to once again resort to integration bargaining, blatantly ignoring the interests of the only beneficiaries of integration, the full-fledged members of the world community – the peoples of Belarus and Russia.

It is highly improbable that the declared revision of the Union Treaty will result in major changes in the Treaty itself and in Belarusian-Russian relations. It is possible, however, that some roadmaps may be adopted as early as 2020 in the form of intergovernmental agreements without subsequent ratification or distinct obligations to put them in practice.

BELARUS – UKRAINE: NEW PEOPLE, OLD RULES

Gennady Maksak

Summary

The change of the political leadership in Ukraine interrupted the Belarus-Ukraine dialogue. Experienced politician Alexander Lukashenko managed to put it back on track in the middle of the year, and, by its end, to establish personal communication with Ukrainian President Volodymyr Zelensky. The 2nd Forum of Regions of Belarus and Ukraine held in October in Zhytomyr (Ukraine) was the main event in bilateral relations.

Kiev's efforts to resolve the Russian-Ukrainian conflict in Donbas led to the resumption of the work of the Trilateral Contact Group in Minsk.

Volodymyr Zelensky reconsidered approaches to the Belarusian-Ukrainian agenda, which made it possible to resolve some issues related to espionage scandals.

Trends:

- Preservation of the foundations of bilateral relations laid down by the previous Ukrainian leadership under Petro Poroshenko;
- Positive dynamics in bilateral trade despite a decline in economic development in Ukraine in late 2019;
- The parties' desire to consolidate the peacemaking role of Minsk in regional politics.

Political dialogue

In early 2019, the Belarusian-Ukrainian agenda was strongly influenced by the presidential election in Ukraine. Alexander Lukashenko rode before the hounds, predicting Petro Poroshenko' victory, although the latter had a slim chance to win,

being far behind Volodymyr Zelensky in the presidential race. Even in Ukraine almost no one showed such confidence. Volodymyr Zelensky won the *second round* in April 2019, polling a decisive 73%, and became the sixth president of independent Ukraine.

Already in his inaugural speech, the new president of Ukraine mentioned neighboring countries and hinted at the possibility of coming to power of anti-establishment politicians in the post-Soviet republics, considering himself one of them.¹ In a way, he sent this message to his Belarusian counterpart. In fact, the rise to power of a politically inexperienced man of show business in Ukraine could lead to unforeseen consequences, both domestically and in relations with the neighboring states.

In 2014–2019, the Belarusian leadership was basically satisfied with its relationship with Ukraine. Alexander Lukashenko and Petro Poroshenko maintained high-level contacts based on their personal warm relations. They regularly confirmed their commitment to good neighborhood, which did matter, given the peculiar relations between Minsk and Moscow.

The two governments showed interest in strengthening economic ties and promoting mutual trade. Minsk heavily exploited the image of a peacemaker by hosting the Tripartite Contact Group as a venue for resolving international disputes and moderating Russian-Ukrainian peace talks. Also, over the past five years, Belarus and Ukraine significantly reinforced the institutional base of relations and ensured stability of joint bodies.

This all could change in early 2019 and undermine bilateral dialogue, so A. Lukashenko and his team made efforts

¹ «Инаугурационная речь Президента Украины Владимира Зеленского.» Президент Украины. Официальное интернет-представительство, 20 May, 2019, <https://www.president.gov.ua/ru/news/inavguracijna-promova-prezidenta-ukrayini-volodimira-zelensk-55489>.

to maintain political and economic cooperation. This task was not an easy one. Apart from the wrong bet on Poroshenko's victory in the presidential election, Lukashenko had reason to worry about Zelensky's intention to reconsider some foreign policy approaches that his predecessor adhered to.

Since Zelensky was new to politics, Minsk took the lead in establishing contacts, trying to make a first positive impression. The Belarusian leadership needed to demonstrate to Zelensky and his foreign policy team under formation the strategic importance of continuing and developing economic and energy cooperation. Much attention was paid to the organization of a Lukashenko – Zelensky meeting, so that the Belarusian president could demonstrate his political skill.

Vice Prime Minister of Belarus Igor Lyashenko attended Zelensky's inauguration ceremony in May, which followed this very logic. Igor Lyashenko not only met with his Ukrainian counterpart Deputy Prime Minister Hennadiy Zubko, but was also honored with a meeting with the head of state. Conceptually, Minsk's demonstrative pragmatic approach and emphasis on promoting economic projects was right. This was successfully combined with the economization of foreign policy announced by the new president of Ukraine in his address to the parliament (Verkhovna Rada).

The parliamentary elections in Ukraine, which took place shortly after the presidential election, dissolution of the parliament initiated by V. Zelensky and the crushing victory of his team strengthened Lukashenko's opinion that it was time to set up a meeting at the highest level. During a telephone conversation with Zelensky in July about the victory of the presidential Servant of the People party in the parliamentary elections, the president of Belarus accepted the invitation to visit Ukraine.

The countries stepped up their dialogue in autumn, after the new Verkhovna Rada and the Cabinet of Ministers of Ukraine were formed. The Servant of the People's majority in the

parliament allowed V. Zelensky to appoint the new government without involving other political forces. The Oleksiy Honcharuk Government was mainly focused on domestic affairs, but the new Minister of Foreign Affairs, Vadym Prystaiko, emphasized the importance of dialogue with Belarus.

The 2nd Forum of Regions of Belarus and Ukraine held in October 2019 in Zhytomyr² attended by the heads of state was the main political event in bilateral relations. Meetings of the two presidents behind closed doors and the friendly statements that followed indicated success in establishing personal contacts and maintaining the contours of bilateral dialogue. Alexander Lukashenko said at the plenary meeting during the Forum that the sides should keep the positive pace in trade, economic and energy cooperation.³

At the Minsk Dialogue forum, he spoke about security in a tone that suggested readiness to continue offering peacemaking initiatives, and making efforts to facilitate Russia-Ukraine negotiations on reconciliation.

The Foreign Ministers of Belarus and Ukraine also maintained stable and systematic contacts. Deputy Minister of Foreign Affairs of Ukraine Vasil Bodnar went to Minsk in April for political consultations. The MFAs adopted a new consultation plan for 2020–2021. Ukraine's deputy minister in charge of interaction with Belarus stayed in office after Vadym Prystaiko was appointed foreign minister, which is good for bilateral relations.

² «II Форум регионов Беларуси и Украины прошёл в Житомире.» Исполнительный комитет СНГ, 02 Oct. 2019, <http://cis.minsk.by/news/12118/ii-forum-regionov-belarusi-i-ukrainy-prosel-v-zitomire>.

³ «Участие в пленарном заседании II Форума регионов Беларуси и Украины.» Официальный интернет-портал Президента Республики Беларусь, 04 Oct. 2019, http://president.gov.by/ru/news_ru/view/uchastie-v-zasedanii-ii-foruma-regionov-belarusi-i-ukrainy-22155/.

Trade and economic cooperation

The change of the government in Ukraine affected the work of economic cooperation bodies to a certain extent. The scheduled session of the intergovernmental commission for trade and economic cooperation did not take place before the 2nd Forum of Regions. The formation of the Ukrainian part of the commission took longer than expected. Minister of Energy and Environmental Protection Oleksiy Orzhel was appointed co-chair of the commission, which, among other things, agrees with Ukraine's emphasis on energy projects.

During the 2nd Forum of Regions, Belarus and Ukraine entered into forty contracts worth around USD 500 million. The Belarusian-Ukrainian advisory council for business cooperation and the ad hoc group to resolve trade issues were also quite active.

The government teams of Belarus and Ukraine may be thanked for their strong commitment to maintain the rhythm of meetings and to hold the 27th session of the intergovernmental commission for trade and economic cooperation in December 2019. The 6th meeting of the Belarusian-Ukrainian group on industrial cooperation and the 1st meeting of the group on supplies of oil and oil products are worth noting in this regard.

In 2019, Ukraine was the *second* largest partner of Belarus in terms of turnover and exports and *fourth* in terms of imports. The trade turnover showed a 7% year-on-year increase, reaching USD 5.8 billion in 2019. Belarus traditionally had a considerable surplus in trade with Ukraine. In 2019, its exports to Ukraine totaled USD 4.1 billion and imports stood at USD 1.7 billion.⁴

⁴ «Торгово-экономические отношения.» Посольство Республики Беларусь в Украине, http://ukraine.mfa.gov.by/ru/bilateral_relations/trade_economic/

Belarus mainly exported products of the petrochemical and engineering industries and imported farm products, railway cars, parts of railway vehicles and metal-roll.

Mutual investments remained insignificant. Belarus invested around USD 50 million in Ukraine, while Ukraine only reported USD 3 million in investment in the Belarusian economy.

Security

Several important events that improved regional security took place in 2019. The Trilateral Contact Group resumed its sessions in Minsk in June, as the President Zelensky team reviewed approaches to negotiations with Russia. This increased Minsk's role in regional peacemaking processes, and helped resolve the painful issue connected with the abduction of Ukrainian national Pavlo Hryb by Russian secret agents in Belarus several years ago. Pavlo Hryb returned home in September as part of an exchange of prisoners of war and political prisoners with Russia.

During the preparation for Alexander Lukashenko's visit to Ukraine in October, the parties reached an agreement to exchange the persons sentenced for espionage: Pavlo Sharoiiko returned to Ukraine and Belarusian national Yuri Politika went back to Belarus. This closed another disturbing page in the history of bilateral relations.

Conclusion

In 2019, the Belarusian leadership managed to resolve the fundamental issue of maintaining the continuity of its Ukraine policy towards building bilateral relations.

During his visit to Ukraine, Alexander Lukashenko established personal contact with Volodymyr Zelensky and reached

an understanding on the main points on the bilateral agenda. At the 2nd Forum of Regions, Belarus and Ukraine adopted an action plan to implement the agreements reached by the presidents, a kind of a *roadmap* for the short and medium terms. The distinctive feature of this plan is that an emphasis is put on the role of the heads of state in bilateral dialogue in comparison with the role of the governments.

The Forum of Regions of Belarus and Ukraine – the main event of the year in bilateral relations – will be annual. From a political viewpoint, this is justified as an occasion for regular meetings at the highest level.

In general, the Belarus-Ukraine relationship inspires optimism, since Kiev prioritizes the economic component as the main vector of Ukraine's foreign policy.

BELARUS – POLAND: EMPHASIS ON SECURITY

Anna Maria Dwyer

Summary

As in previous years, the high dynamics of Polish–Belarusian bilateral contacts continued in 2019 – economic, cultural, tourist and regional cooperation developed. The *Druzhba* oil pipeline accident stimulated the expansion of cooperation between petrochemical concerns – Polish ORLEN and Belarusian *Belneftekhim*.

Despite the fact that both states are members of alternative military alliances (NATO and the CSTO) a dialogue related to security issues actively developed.

Trends:

- High dynamics of contacts at intergovernmental and Ministerial levels, as well as at the local authorities' level;
- Increasing importance of regional security issues in bilateral relations;
- Interaction between petrochemical concerns;
- Maintaining the level of bilateral trade.

Political interaction

In 2019, there was a high dynamics of contacts at the intergovernmental and ministerial levels. Last year, the Belarusian Ambassador to Poland Aleksandr Averyanov was replaced by Vladimir Chushev, who presented his credentials to the President of the Republic of Poland on March 21. On October 2, the Honorary Consulate of Belarus opened in Katowice. Marek Rasinski, a businessman who actively cooperates with Belarus, became Honorary Consul.

On February 11–14, a delegation of Belarusian parliamentarians headed by Mikhail Myasnikov, Chairman of the Council of the Republic, visited Poland. During the visit, M. Myasnikov met with the President of the Republic of Poland Andrzej Duda, Prime Minister Mateusz Morawiecki, Ministers and representatives of the Sejm and the Senate. Also a Social Security Agreement was signed between Poland and Belarus.¹ In addition to Warsaw, Mikhail Myasnikov visited Białystok, where he met with representatives of the Belarusian minority.²

On August 21–23, Polish parliamentarians headed by Deputy Speaker of the Sejm Richard Terlecki visited Belarus. Earlier, Polish parliamentarians had been in Belarus on June 6–7 when the delegation had been headed by the speaker of the Senate Stanisław Karczewski. An agreement on interparliamentary cooperation between Poland and Belarus is scheduled to be signed in 2020.

On March 1, 2019, Belarusian Minister of Transport and Communications Aleksey Kravchenko and Polish Minister of Infrastructure Andrzej Adamczyk signed an agreement on maintenance of border railway bridges on the Polish-Belarusian border.³ In summer, on June 18, the parties signed the Final Protocol of checking the passage of the Belarusian-Polish state border. The Commission created for this purpose had worked since 2011.

¹ “Umowa między Polską a Białorusią o zabezpieczeniu społecznym podpisana.” *Ministerstwo Rodziny, Pracy i Polityki Społecznej*, 13 Feb. 2019, <https://www.gov.pl/web/rodzina/podpisanie-umowy-miedzy-polska-a-bialorusia-o-zabezpieczeniu-spoecznym>.

² According to the census conducted in 2011, more than 48 thousand Belarusians live in Poland.

³ “Minister Andrzej Adamczyk podpisał umowę o utrzymaniu mostów kolejowych pomiędzy Polską a Białorusią.” *Ministerstwo Infrastruktury*, 01 Jan. 2019, <https://www.gov.pl/web/infrastruktura/minister-andrzej-adamczyk-podpisał-umowe-o-utrzymaniu-mostow-kolejowych-pomiedzy-polska-a-bialorusia>.

On May 16, Belarusian-Polish consultations of the Foreign Ministries of the two countries were held in Minsk, headed by Deputy Ministers Oleg Kravchenko and Marcin Przydacz. The next day, negotiations were held on Belarusian-Polish humanitarian cooperation.

On November 4, in Warsaw, Deputy Foreign Ministers Marcin Przydacz and Oleg Kravchenko took part in the permanent round table *Belarus – Poland*, organized by the Polish Institute of International Relations, the Center for Eastern Studies and the Minsk Dialogue Initiative. The topic of the conference was regional security and Polish-Belarusian bilateral relations.

On December 4, Minsk signed an agreement on cooperation within the framework of the Polish aid program, which would contribute to the implementation of Polish aid projects in the coming years. It should also be noted that during 2019, Poland supported Belarus in its negotiations with the European Union regarding the agreement on visa facilitation.

Meanwhile, despite the invitation, the Belarusian President did not take part in the events held in Poland in connection with the 80th anniversary of the beginning of World War II. The Belarusian President justified his decision by the absence of a similar invitation for the Russian President. This situation showed that historical memory remains a problem in political relations between Poland and Belarus. Currently, the most disputable are the activities of Romuald Rajs, who in Belarus is associated with the genocide of the Belarusian minority, and the assessment of the Polish campaign of the Red Army in 1939 and actions of the Soviet Army in Poland in 1944–1945, which the Polish side does not see as liberation.

Cooperation in the field of security

Despite the fact that Poland and Belarus are members of different military alliances (NATO and the CSTO) in 2019 both states

maintained bilateral military contacts. At the same time, the topic of security was one of the priorities during the bilateral meetings.

On March 4–6, representatives of the Defense Ministries of the two countries held consultations in Warsaw. The topic of the talks was the planning of bilateral military cooperation, as well as current issues of regional security. On April 26, Deputy Foreign Minister of Belarus Andrey Dapkiunas and Polish Ambassador to Belarus Artur Michalski discussed the same topic.

The Deputy Head of the House of Representatives of the National Assembly, Boleslav Pirshtuk, who took part in the meeting of the heads of the parliaments of Central and Eastern Europe, organized on June 4–5 in Warsaw, also paid attention to regional security issues.

On June 19, representatives of the Defense Ministries of the two countries signed an agreement on the exchange of airspace information in the area of the Polish-Belarusian border. During his visit to Warsaw, Igor Golub, Commander of the Belarusian Air Force and Air Defense Forces, held consultations with the head of the Operational Command of the Polish Armed Forces.

On August 30, Warsaw hosted a meeting of Secretaries of the Security Councils of Poland, Belarus, Ukraine and the United States on security issues in Central and Eastern Europe. In addition, on November 4, Secretary of the Security Council of Belarus Stanislav Zas held a meeting in Brest with his Polish counterpart – the head of the National Security Bureau Pawel Soloch.

On January 28–30 and November 18–22, Belarusian military inspections were held in Poland to check units in the region indicated by the Polish authorities. These were carried out in accordance with the Vienna Document of 2011, while the Belarusian inspections on April 23–26 and August 19–23 were carried out on the basis of the Treaty on Conventional Armed Forces in Europe (CFE). A similar event, organized on May 21–24, was attended by

the Polish military, along with German, Dutch and French ones. On March 25–29 and September 12, Belarus and Russia jointly conducted observation flights over Poland under the Treaty on Open Skies.

Despite the close military interaction, the Belarusian authorities still critically assess Poland's efforts to increase the American military presence on its territory, emphasizing that Russia will seek to deploy its military bases in Belarus in response.

Trade and economic cooperation

In 2019, the trade turnover between Belarus and Poland reached USD 2.62 billion. Belarusian exports amounted to USD 1.291 billion (an increase of 3.6% compared to 2018), imports – USD 1.329 billion (an increase of 12% compared to 2018).⁴

Economic issues were often raised during bilateral meetings. During Mikhail Myasnikov's talks with Mateusz Morawiecki on February 13, issues of developing economic relations, including the implementation of projects under the Chinese *Belt and Road Initiative*, were discussed. On March 16, Mikhail Myasnikov met with the President of the Polish Chamber of Commerce Andrzej Arendarski in Minsk.

The Belarusian-Polish Economic Forum *Good Neighborliness-2019*, held in Minsk on June 6–7, was one of the most important events aimed at stimulating business development. During the conference, among other things, the prospects of Polish investment in the Belarusian-Chinese Technopark Great Stone were discussed. The Forum was attended by more than 500 entrepreneurs from Belarus and Poland. In September and

⁴ «Внешняя торговля.» Национальный статистический комитет Республики Беларусь, <https://www.belstat.gov.by/ofitsialnaya-statistika/realny-sector-ekonomiki/vneshnyaya-torgovlya/>

November, the parties discussed opportunities for cooperation in the woodworking industry.

On April 17, in Warsaw, Belarusbank and Bank Gospodarstwa Krajowego signed a framework agreement providing loans to clients of financial institutions on the Belarusian and Polish markets. Due to the agreement, credit procedures and financing of Polish exports to Belarus are significantly simplified. It is noteworthy that Belarusian companies make up the largest group of importers that use the Polish government's export support program.

It should also be noted that within the framework of the *Polish Aid* program, Poland allocated USD 0.5 million for the development of Belarusian enterprises in the tourism sector. In general, in 2019, Poland implemented 20 projects in Belarus with a total cost of EUR 2 million.

In 2019, Poland and Belarus actively collaborated on projects intended for administrative authorities. The cooperation between the National Banks of Poland and Belarus in 2018–2019 was considered particularly fruitful.

The accident, which resulted in contaminating raw materials in the *Druzhba* oil transportation system in April, contributed to the activation of cooperation between the two largest companies in the field of petrochemistry – Belarusian *Belneftekhim* and Polish *ORLEN*, which was not limited to joint elimination of the consequences of the accident. Representatives of both companies started to consider promising areas of cooperation. The Polish experience of diversifying oil supply sources may prove valuable if *Belneftekhim* decides to import large volumes of this raw material from outside of Russia (e.g. due to the increase in the price of oil due to the so-called tax maneuver).

Nevertheless, in the field of electric power, despite the efforts of the Belarusian side, Poland is not interested in cooperation. The Polish government says that their country will not buy electricity generated at the Belarusian nuclear power plant.

Regional and cultural cooperation

Cross-border and regional cooperation remains an important element of bilateral relations. In 2019, additional projects were implemented to improve the security of the Sławatycze – Damačava border crossings (it was also decided to expand the border bridge at this crossing starting in 2020) and Bobrowniki – Berastavica. A significant part of funds for these activities were allocated within the framework of the *Poland–Belarus–Ukraine 2020* program.

A regular meeting of the Working group on the development of the Augustów Canal was held. Both states work together to add the Augustów Canal to the UNESCO world heritage list. In Bielaviežskaja Pušča National Park, the *August-Velo* cycle route (co-financed by Polish aid) was opened. At the end of August, the Belarusian National Academy of Sciences and the Polish Academy of Sciences signed an agreement on the establishment of a Joint Commission to solve the environmental problems of the Bielaviežskaja Pušča.

On November 29, a meeting of delegations of Belarusian and Polish twin cities took place in Maladziečna. Twenty organizations from Belarus and nineteen from Poland took part in the meeting. Belarusian Foreign Minister Vladimir Makei, who was present at the meeting, stressed that cooperation between local authorities was an important element of relations between Poland and Belarus.

On December 12, the Brest regional Executive Committee signed a Memorandum on Cooperation with the Polish Chamber of Tourism, and on December 20, a meeting of the Belarusian-Polish Working group on tourism cooperation was held in Brest.

The development of tourism cooperation and the efforts of both countries to expand border infrastructure are of great importance, as evidenced by the numbers of border crossings.

In 2019, the Polish-Belarusian land border was crossed more than 8.8 million times (a decrease of about 2% compared to 2018). During this period, more than 3.364 million Belarusians visited Poland, thus taking second place after citizens of Ukraine (more than 10.4 million people). The Polish border service refused 4,989 Belarusians, 1,712 of whom did not have a valid visa.⁵

37 Belarusian citizens applied to Poland for international protection. At the same time, the Polish consular services issued almost 360 thousand visas for citizens of Belarus. The visa-free regime⁶ is gaining popularity among Polish citizens⁷, as well as among tourists crossing the border at Minsk-2 International Airport.

In 2019, a number of joint cultural events were held. In particular, the 200th anniversary of the birth of the composer Stanislaw Moniuszko was celebrated. Polish theater companies took part in the festival “White Tower”, which was held in September in Brest. During the *Listapad 2019* film festival, Polish Director Krzysztof Zanussi was awarded a special award by the President of Belarus. Finally, the Polish film “Boże Ciało” (“Corpus Christi”) directed by Jan Komasa won the audience award and the special jury prize of this festival.

Conclusion

Political and economic relations between Belarus and Poland are developing in a positive direction, as evidenced by density and the level of bilateral visits and consultations held in 2019.

⁵ “Statystyki SG.” *Straż Graniczna*, <https://www.strazgraniczna.pl/pl/granica/statystyki-sg/2206,Statystyki-SG.html>

⁶ Since November 10, the visa-free zone has been extended to the entire Hrodna region.

⁷ In 2019, more than 32 thousand people visited Brest region under the visa-free regime, 70% of whom were Polish citizens.

At the same time, the most important issues in bilateral relations were security issues. Although Poland and Belarus are members of alternative military alliances, both countries have common interests in this area, if to take into account European rules such as the Vienna Document 2011, the CFE Treaty, the Treaty on Open Skies, or the NATO Partnership for Peace program, in which Belarus participates.

The experience of the past year shows that Poland and Belarus are interested in deepening energy cooperation, which, however, will largely depend on the political will of the authorities of both states.

It is obvious that issues of historical memory and historical policy become an increasingly important issue requiring bilateral consultations.

The basis of mutual relations remains border cooperation, although in this regard, further improvement of the legal and contractual framework is necessary. The settlement of the status of the Union of Poles or the development of Polish education in Belarus could help to improve relations between Poland and Belarus.

All these issues will not lose their relevance in 2020, despite the fact that mutual relations are expected to remain at the same level. It should also be emphasized that in 2019, the actions of the official Warsaw demonstrated interest in the independence of Belarus.

BELARUSIAN-AMERICAN RELATIONS: A VISCIOUS CIRCLE

Andrei Fyodorov

Summary

In 2019, Washington and Minsk showed a much firmer commitment to improve their relationship, as evidenced by the increased number of official contacts at a higher level. Both parties shared the motivation to withstand Russia's expansionist aspirations that have been continuously growing stronger. However, the United States still has not done anything tangible that would help Belarus protect its sovereignty.

Trends:

- Minsk shows growing interest in expanding cooperation with the United States, primarily in the economic segment;
- Washington is not highly interested in cooperating with Minsk outside political areas;
- Minsk's fear of the Kremlin and reforms impedes dialogue with the United States.

Leveled-up shuttle diplomacy

The year 2019 began supremely well. As soon as January 10, *Foreign Policy* magazine published the article "A Diplomatic Breakthrough for Washington in Europe's Last Dictatorship."¹

¹ Gramer, Robbie; Mackinnon, Amy. "A Diplomatic Breakthrough for Washington in Europe's Last Dictatorship." *Foreign Policy*, 10 Jan. 2019, <https://foreignpolicy.com/2019/01/10/diplomatic-breakthrough-for-washington-in-europes-last-dictatorship-belarus-warming-relations-with-west-united-states-lukashenko-putin-russia-dispute-diplomacy-state-department-eastern-europe/>.

In a phone talk with Assistant Secretary of State for European and Eurasian Affairs Wess Mitchell, Belarusian Foreign Minister Vladimir Makei said that Belarus would lift the restriction on the number of American diplomats in the country, which Foreign Policy called a breakthrough. The U. S. leadership was officially notified of that two months later.

Deputy Foreign Minister of Belarus Oleg Kravchenko continued his frequent trips across the ocean. He visited the United States *five times* in 2019. The visits were highly eventful each time. Along with negotiations with high-ranking American officials, he also met with representatives of think tanks, business and NGOs. Oleg Kravchenko also attended two large conferences focused on Belarus.

It is also noteworthy that the U. S. Drug Enforcement Agency and several security and enforcement agencies of Belarus signed a memorandum of cooperation. The White House has extended the moratorium on sanctions against *nine* Belarusian enterprises to a year and a half. Belarus and the U. S. entered into a bilateral open skies agreement.

Official contacts climaxed when U. S. President's National Security Advisor John Bolton and Under Secretary of State for Political Affairs David Hale visited Belarus in just *three* weeks one after another. An even more promising event was announced later: the U. S. Secretary of State was going to visit Belarus in early 2020, which has not happened for over a quarter of a century.²

Economic cooperation was not blooming, though. Trade in commodities was noticeably in decline. In January–November 2019, exports only totaled USD 176 million compared with USD 217 million in January–November 2018 (down 19%), whereas imports grew by 46% to USD 580 million. The trade deficit stood

² The official visit of U.S. Secretary of State Michael Pompeo to Belarus took place in February 2020.

at USD 400 million. As before, the bulk of Belarus' exports was made up of raw materials.

The export of services showed much better results. Belarus increased the export of services to the United States by 35% year on year to around USD 1 billion, of which the Belarusian High-Tech Park was responsible for USD 800 million.

Minsk's hopes

Official statements regarding bilateral relations sounded quite optimistic for the most part throughout the year.

President Lukashenko called John Bolton's visit "historic" and suggested discussing Belarus – U. S. relations without avoiding sensitive matters.³ Speaking with David Hale, A. Lukashenko said he welcomed the fact that "the United States has finally paid attention not only to Europe as a whole, but also to Belarus individually", and promised "to spare no efforts to continue building relations with the United States of America."⁴ Ukrainian media reported that Belarus was in dialogue with the United States, "the largest economy, an empire that affects all the processes in the world", and the relationship with it should by no means be bad.

³ «Встреча с советником Президента США по национальной безопасности Джоном Болтоном». *Официальный интернет-портал президента Республики Беларусь*, 29 Aug. 2019, http://president.gov.by/ru/news_ru/view/vstrecha-s-sovetnikom-prezidenta-ssha-po-natsionalnoj-bezopasnosti-dzonom-boltonom-21866.

⁴ «Встреча с заместителем Государственного секретаря США по политическим вопросам Дэвидом Хэйлом». *Официальный интернет-портал президента Республики Беларусь*, 17 Sep. 2019, http://president.gov.by/ru/news_ru/view/vstrecha-s-zamestitelem-gosudarstvennogo-sekretarja-ssha-po-politicheskim-voprosam-devidom-xejlom-22011.

It was not all cloudless, however. Minsk strongly objected (at least publicly) the deployment of an American tank unit in Lithuania near the border shared with Belarus in preparation for a large exercise in spring 2020 in ten European countries, including Belarus' neighbors Poland, Lithuania and Latvia, which will involve around 40,000 NATO troops, half of them to be delegated by the United States. President Lukashenko held a meeting on October 28 with the minister of defense, secretary of state of the Security Council and intelligence chief to consider a response to this “demonstrative step.”

The tension lessened the very next day. Chargé d'Affaires en pied at the U. S. Embassy in Minsk Jenifer Moore told Secretary of State of the Security Council of Belarus Stanislav Zas about the goal and the planned period of stay of the U. S. troops, and provided additional information about the concept of the exercise. After that, Minsk announced adjustments to the response plan.

Belarus' response to the White House's intention to tighten sanctions against Cuba and America's withdrawal from the Intermediate-Range Nuclear Forces Treaty was also negative, yet much more restrained.

In general, the Belarusian authorities were obviously optimistic. Politically, the goal was to obtain the greatest possible support of the United States in foiling Russia's attempts to make Belarus its complete puppet or even absorb the country.

Alexander Lukashenko's interview with Editor-in-Chief of *Echo of Moscow* Radio Alexei Venediktov is indicative in this regard. “If Russia ... tried to violate our sovereignty ... the West and NATO will by no means accept that, because they will consider it a threat to them,” said the president.⁵

⁵ «Интервью Александра Лукашенко главному редактору радиостанции “Эхо Москвы” Алексею Венедиктову.» Эхо Москвы, 24 Dec. 2019, <https://echo.msk.ru/programs/beseda/2559487-echo/>.

Economically, expectations for cooperation with the West remained the same: loans, investments, technologies, and increased trade. The full lifting of sanctions would be also very much desired, although this would not be the most significant addition. The essential condition that Minsk keeps insisting on is America's non-interference in domestic affairs of Belarus.

Effective response in question

It goes without saying that the Belarusian-American relationship is largely determined by the Belarusian-Russian engagement. As disagreements in the Union State are growing stronger, *three* possible scenarios are possible in the eastern direction in the near future: (1) the *Anschluss* of Belarus in whatever form, (2) the actual loss of independence by Belarus with some basic imitation of sovereignty, and (3) maintaining of the status quo to a greater or lesser extent. How would the United States respond to each of these scenarios?

Anschluss. American officials have repeatedly declared support for the sovereignty of Belarus. This position aligns with Belarus' policy, although the ultimate goals differ: the Belarusian leadership seeks to retain power, whereas the United States is mainly concerned about Russia's aggressive posture in relation to the NATO allies in the region.

At the same time, Washington regularly emphasizes the understanding of Minsk's desire to maintain the best possible relations with Moscow. This seems quite inconsistent, since America considers Russia its strategic competitor. In fact, knowing that Belarus cannot be broken off from Russia, the United States would like to at least increase the distance between them.

However, the example of Ukraine vividly shows that the U. S. is unable to prevent undesirable developments. Hypothetically, new sanctions may be introduced against Moscow. However,

having in mind the Ukrainian experience, apparently, sanctions have little effect on Russia's foreign policy. Besides, the attitude of the U. S. Administration towards the Kremlin is largely inconsistent. At the August G7 Summit in Biarritz, Donald Trump did not rule out the possibility of inviting Russia to the next summit that will be held in the United States.

The above suggests that in the event of the *Anschluss*, most likely, America will not go beyond condemnatory statements, and, at best, will not recognize the absorption, like it did when the Soviet Union devoured the Baltic States in 1939.

Satellite. This scenario is not fundamentally different from the previous one. Russian subsidies to Belarus would remain, which would render market reforms in the republic irrelevant. As a result, no significant changes will occur in Belarus – U. S. economic cooperation.

There is a zero possibility of democratic transformations in Belarus, and America will be powerless in this respect either, as evidenced by the article in *The National Interest* magazine.⁶ Although former U. S. Ambassador to Belarus Kenneth Yalowitz is among the authors of the article, Belarus is not mentioned in it. Recommendations regarding Ukraine, Moldova, Georgia and Armenia are confined to support for civil society and creation of a more effective management system, which is not relevant for Belarus.

If the *status quo* is maintained, there is a chance to strengthen Belarus – U. S. cooperation, if the former somehow managed to kindle America's interest to the country, but, so far, there is no sound reasoning for that.

The effect of the image of the “regional peacekeeper” that the Belarusian leadership has been heavily exploiting for quite

⁶ Яловиц, Кеннет; Кортни, Уильям. «The National Interest (США): как США могут поддерживать демократические страны на постсоветском пространстве.» *ИноСМИ*, 17 Sept. 2019, <https://inosmi.ru/politic/20190917/245835801.html>.

a while now is fading out, and new initiatives like Helsinki 2.0 are not taken seriously.

Belarus' little bit too warm relations with China do not promote Belarus – U. S. dialogue either, and these relations are getting even warmer. Washington also has questions about some aspects of Minsk's cooperation with Tehran.

The United States has no reason to have a look at Belarus in terms of economics. Belarus only accounts for 0.015% of America's foreign trade. Besides, Belarus mostly supplies raw materials and can be easily substituted by other suppliers. The Belarusian economy remains basically unreformed, which is also a serious obstacle.

The Belarusian regime continues rejecting the fundamental democratic principles in domestic policy, acting not as brutally as it used to, though. This does not top Washington's priority list now, but this point remains on its agenda. The American president extended personal sanctions against a group of former and sitting high-ranking Belarusian officials once again.

After the November parliamentary elections in Belarus, the U. S. Department of State said that the integrity of the electoral process was not properly guaranteed, and expressed regret that alternative opinions are not represented in the Belarusian parliament. The U. S. Helsinki Commission held hearings on Belarus for the first time in eight years.

From America's viewpoint, the domestic political situation in Belarus is still far from normal. However, given the importance of the geopolitical position of Belarus, the U. S. may try assist it one way or another, unless the country launches a crackdown on civil society again.

In particular, there is information that Belarus was exploring a possibility of obtaining permission to procure American crude oil, and even hired a professional lobbyist for that. The problem is that ideas are few. Besides, some of them, such as investing in the high-tech sector, do not promise an immediate effect. Other

suggestions, like the call to shield Belarus from Russian media influence, are hardly feasible.

Conclusion

Unlike the previous decades, the year 2019 can be described as successful in terms of Belarus – U. S. rapprochement. Most importantly, the United States showed motivation to assist in the preservation of Belarus' statehood.

This, however, did not go very far, basically remaining a declaration of intent. The bilateral agreement to reinstate the staff of the embassies to full size and the announced visit of the U. S. secretary of state to Belarus were the main achievements of the year, which only suggest effective cooperation in the future, though.

Washington is so far unwilling to enter into a serious conflict with Moscow over Belarus, especially if annexation takes place under the guise of voluntary accession.

Minsk actually remains in a vicious circle. The country's leadership seems to fully realize the threat of the Kremlin's imperial aspirations, but countermeasures may well lead to an even greater increase in the Russian threat.

The government of Belarus still looks unwilling to start real reforms. Despite the goodwill rhetoric, the distrust to the West is still there. If Russia dropped the plan to absorb Belarus, the latter would have next to zero motivation to initiate any transformations.

Given the above, the Belarus – U. S. relationship is unlikely to reach a qualitatively new level in the foreseeable future.

ASIAN, AFRICAN, AND LATIN AMERICAN COUNTRIES: STRATEGIC REORIENTATION OR DISORIENTATION?

Sergei Bogdan

Summary

Belarus' relations with developing countries in 2019 were mainly limited to countries in Asia and the Middle East. Africa and Latin America have almost disappeared from the horizon of Belarusian diplomacy. The previous inertia of Minsk is now gone: the Belarusian side tests new methods and approaches in its cooperation with these regions.

The polarization of the world and the dominance of the West in it, led by the United States, push Minsk not only to get closer to the latter, but also to regulate its own policy in other regions of the world so that it could not harm its relations with the West.

Trends:

- The importance of relations with the countries of the so-called “far arc” (Asia, Africa and Latin America) decreases;
- China, Turkey, and Egypt remain important partners of Belarus;
- New types of interaction are used – supply financing, humanitarian components, trade of IT products, UAVs, etc.

Slowing and freezing

In his annual address to the people and the National Assembly on April 19, 2019, President Lukashenko announced that he would increase cooperation with the countries of the so-called “far arc” (Asia, Africa and Latin America). But contacts with the relevant states have declined, and during the period under

review serious political interaction took place only with China, Turkey and Egypt.

The meetings of the Belarusian leader on the sidelines of the Bishkek SCO summit in June were eloquent in this sense. During the meeting with the Afghan President Ashraf Ghani, it was noted that the agreements reached earlier had not been fulfilled, and in a conversation with the Prime Minister of Pakistan Imran Khan, Alexander Lukashenko noted that “due to a number of circumstances, the process of interaction in the economy and trade has slowed down”¹.

The attitude towards the *Non-aligned Movement* also reflects the process of the marginalizing cooperation with the countries of the “far arc”. At the Movement’s summits in July and October, Belarusian delegations were headed by the Belarusian representative in the UN, Valiancin Rybakou, and the Chairman of the House of Representatives, Uladzimir Andreichanka, respectively.

It is not possible to ensure that the share of the EAEU, the European Union and other countries in the export structure is approximately the same. Moreover, 37 foreign institutions (out of 57) do not fulfill the tasks set for the export of goods. On indirect grounds, there is reason to believe that these are mainly institutions in the countries of the “far arc”².

Minsk, however, did not sit idly by. On January 29, the President of Belarus extended for 2019–2020 the validity of decree No. 466 of September 24, 2009, which promotes sales of

¹ «Участие в заседании Совета глав государств Шанхайской организации сотрудничества.» *Интернет-портал Президента Республики Беларусь*, 14 June 2019, http://president.gov.by/ru/news_ru/view/zasedanie-soveta-glav-gosudarstv-shanxajskoj-organizatsii-sotrudnichestva-21300/.

² «Сергей Румас: Ситуация с экспортом непростая и не может устраивать.» *Совет Министров Республики Беларусь*, 15 Oct. 2019, <http://www.government.by/ru/content/9052>.

Belarusian products in new markets. On April 22, news emerged on the intergovernmental agreement between Belarus and Mongolia on the allocation of an export credit for the supply of Belarusian equipment.

The Belarusian side has continued to use the humanitarian mechanisms it has used in recent years to improve relations with remote regions. In 2015–2019, *four* batches of humanitarian aid were transferred to Syria, and more than a thousand of Syrian children were hosted for rest.

In 2019, children from other countries, including Japan and Egypt, were invited to take a vacation. In April, humanitarian aid was provided to victims of the cyclone in Mozambique and Zimbabwe. For the first time, Minsk has allocated grants for students from Arab countries, in particular Egypt and Syria, to study in Belarusian universities.

Belarus uses its membership in the EEU and its Alliance with Russia to increase its importance in relations with certain countries. On February 14, Alexander Lukashenko took part in an informal meeting with the presidents of Russia, Iran and Turkey in Sochi. In January, the Belarusian delegation took part in negotiations on the signing of a free trade agreement between Egypt and the EEU in Cairo. This topic was mentioned again during the talks between the Presidents of the two countries in June³. Also, the topic of relations with the EEU played a significant role in the negotiations with the Singapore delegation headed by Senior Minister of State at the Ministry of Trade and Industry, Koh Poh Koon (June, 3–5).

³ «Интервью Чрезвычайного и Полномочного Посла Республики Беларусь в Арабской Республике Египет С. Рачкова ближневосточному агентству новостей MENA.» Министерство иностранных дел Республики Беларусь, 14 Apr. 2019, <http://mfa.gov.by/press/smi/ae80f912a51a941f.html>.

Missiles and engines from China

China remained a priority in Belarus' foreign policy. It is noteworthy that only in China did Minsk decide to expand its network of foreign missions when in July the Council of Ministers decided to open the Consulate General in Chongqing, China.

On April 2–3, Shen Yueyue, Vice-Chairwoman of the National People's Congress Standing Committee, visited Belarus. On April 25–26, President Lukashenko paid a working visit to China. He took part in the Second Belt and Road Forum for International Cooperation, where he met with the Chinese President Xi Jinping and his Deputy Wang Qishan. More than 20 agreements and contracts were signed during the visit.

More specialized contacts also took place. For example, on September 5–6, a delegation headed by the Deputy Chairman of the Chinese People's Political Consultative Conference of Guangdong province, Deng Haiguang, visited Belarus.

Top officials also worked with Chinese business representatives. On July 1, Alexander Turchin, First Deputy Prime Minister of Belarus, met with the Head of the SINOMACH Corporation, Zhang Xiaolun (in 2014, the government of Belarus and SINOMACH signed an agreement on strategic cooperation, under which the Viciebsk hydroelectric power station was built). On 29 of July, Alexander Turchin met with the Head of the "Greenland Holdings Group", Zhang Yuliang.

On October 14, MAZ plant and Weichai Corporation officially opened a joint engine production plant in the Belarusian-Chinese industrial Park "Great Stone". The construction began in April 2018. The project cost was USD 20 million, of which 14 million was Chinese investment. The plant can conduct completely knocked down assembly of engines (up to 20 thousand per year) of Euro-5 and Euro-6 standards. In July, construction of a plant for the production of manual transmissions (up to 20 thousand per year) began in "Great Stone") – another joint project of MAZ

and “Weichai” company. The project cost is USD 17 million (70% will be Chinese investments)⁴.

Military cooperation also continued: the Chief of the Joint Staff Department of the Central Military Commission of China Li Zuocheng (May 28–31) and the Vice Chief of the Equipment Development Department of the Central Military Commission of China Liu Sheng (September 14–16) paid visits. Most likely, it was also about continuing the implementation of the agreement on the development of an anti-aircraft missile system. This version is also supported by the visit of the Belarusian delegation to China on December 2–6, as well as Alexander Lukashenko’s remark that “we are currently working on a new generation missile with a Chinese base”⁵.

Relations with China developed further due to the multi-lateral mechanisms of international cooperation established by Beijing. On January 17, Belarus became a member of the Asian Infrastructure Investment Bank (AIIB).

Although Belarus is only an observer in the SCO, on June 14, President Lukashenko took part in the SCO summit in Bishkek, and Prime Minister Sergei Rumas did the same in Tashkent (November 2).

On October 20–23, Defense Minister (at that time) Andrey Ravkov visited China to take part in the 9th Beijing Xiangshan Forum on Security.

⁴ «Открытие завода по производству двигателей ООО “МАЗ-Вейчай” в Китайско-Белорусском индустриальном парке “Великий камень”.» Совет министров Республики Беларусь, 14 Oct. 2019, <http://www.government.by/ru/content/9051>.

⁵ «Встреча с представителями общественности и экспертного сообщества, белорусских и зарубежных СМИ. “Большой разговор с Президентом”.» Интернет-портал Президента Республики Беларусь, 01 Mar. 2019, http://president.gov.by/ru/news_ru/view/vstrecha-s-predstaviteljami-obschestvennosti-i-ekspertnogo-soobshchestva-belorusskix-i-zarubezhnyx-smi-20590/.

On December 9–12, the head of the Department of International Military Cooperation of the Defense Ministry, Aleh Voinau, took part in a meeting of heads of international military cooperation bodies of SCO members in Beijing. Given the proximity of Beijing and Islamabad, a working visit to Pakistan by the Belarusian military delegation headed by Mr. Voinau on December 17–19 could also be related to some trilateral projects.

Belarus provided support to China on the international stage. For example, on April 29, an International Conference of the “Silk Road” Support Group of the OSCE PA was held in Minsk. The event was organized on the initiative of the National Assembly of Belarus.

From Mongolia to Bangladesh – consultations alone

Interaction with Vietnam continued, but rather by inertia. On June 25–26, a delegation headed by a member of the Central Committee of the Communist Party of Vietnam, editor-in-chief of the newspaper “Nhan Dan” Thuan Huu visited Belarus.

On September 23–27, a delegation headed by Deputy Prime Minister of Belarus Ihar Lyashenka paid a working visit to Vietnam. During the visit, a Memorandum was signed on the supply of rubber to “Belshina”, a tire production company, as well as truck kits to MAZ.

On 26 September in the province Hungyen a launch ceremony of MAZ trucks assembly plant took place. It will produce up to 3,000 vehicles annually. The Vietnamese side owns 70% of the joint venture, and the rest belongs to the Belarusian side. The total investment amount is about USD 10 million.

On December 12–13, Chairwoman of the National Assembly of Vietnam Nguyen Thi Kim Ngan and Deputy Prime Minister Vuong Dinh Hue visited Belarus. At the meeting projects for the

supply of Vietnamese rubber and agricultural products to Belarus were discussed, as well as the hasty certification of Belarusian meat and dairy and poultry enterprises in Vietnam.

Although last year the volume of trade turnover was about USD 200 million (USD 115 million in 2018), this is far from the goal set by the presidents of both countries in 2017 to achieve a turnover of USD 500 million.

In cooperation with other Asian countries, only the visit of Bangladesh Commerce Minister, Tipu Munshi, to Belarus (April 23–25) and the trip of Industry Minister Pavel Utyupin to Afghanistan (April 4–5) should be noted.

Turkish like-minded people

In recent years, Turkey has become Minsk's main partner in the Middle East. On January 15–16, Turkish Minister of Defense, Hulusi Akar, visited Belarus and was welcomed by President Lukashenko.

On April 15–16 President Lukashenko paid a visit to Turkey. However, despite political contacts, the trade turnover in 2019 decreased by 10% compared to 2018 (USD 984 million).

Nevertheless, relations with Turkey in the economic sphere are not declining. In April the assembling of tractors “Belarus” began at a newly built factory in Kirikkale in the framework of the trilateral project with the participation of the Ganja automobile plant (Azerbaijan).

On 27–28 August Belarus was visited by the Minister of Foreign Affairs of Turkey Mevlüt Çavuşoğlu.

On September 9–10, a delegation of the Turkish Parliament visited Belarus, and on October 31, Turkish Minister of Agriculture Bekir Pakdemirli arrived in Minsk.

IT-technologies for Egypt

The cooperation with Cairo was also noticeable, but far inferior to communication with Ankara. At the end of April, a delegation of Minsk region headed by the Deputy Governor of the region visited the Egyptian governorate of South Sinai, and in May, the Deputy Minister of Military Industry of Egypt arrived in Minsk for “MILEX 2019”.

On June 17–18, Egyptian President Abdel Fattah as-Sisi paid an official visit to Belarus. This is the first such visit, although Alexander Lukashenko has been in Egypt twice (the last time was in January 2017). Sisi met with the President and the Prime Minister, as well as with the heads of major Belarusian enterprises.

Since 2016, trade with Egypt has almost doubled every year. According to official information, already in the process of preparing for the visit, Belarusian enterprises signed contracts for the supply of their products to Egypt in the amount of about USD 70 million.

Along with the traditional promotion of mechanical engineering and food industry products, the Foreign Ministry also draws attention to the possibilities of the domestic information and telecommunications industry. In particular, in March, the Belarusian Embassy arranged a visit to Cairo for representatives of a major Belarusian IT company, “Synesis”.

On September 3–4, the 6th session of the Belarusian-Egyptian Joint Trade Commission was held in Minsk with the participation of First Deputy Minister of Trade of Egypt Ahmad Anter, who also met with Belarusian Prime Minister Sergei Rumas.

On 8–10 December, Minister of Industry, Pavel Utyupin, went to Egypt. He was accompanied by representatives of Belarusian companies, including the CEO of MAZ. During the negotiations, the delivery of the first batch of MAZ machine kits to the *Helwan Machinery and Equipment Plant* was agreed.

Waiting for contracts to rebuild Syria

As for the rest of the Middle East, we can only mention the official visit of Syrian Foreign Minister Walid al-Muallem to Belarus on July 22. In recent years, the trade turnover between the countries has been about USD 40 million, almost entirely due to Belarusian exports. Minsk hopes to take part in the reconstruction of this country, which will be financed by external investors.

Otherwise, the main format of communication with the region was consultations of the Belarusian foreign Ministry at the level of Deputy Ministers with the relevant departments of foreign countries: Iran (March and July), Iraq (September), Qatar, the UAE and Oman in November).

The visit of the Head of the Department of International Military Cooperation of the Defense Ministry, Aleh Voinau on May 21-23 to Lebanon and Syria had little to do with Middle East policy. It was about expanding Belarusian participation in the UN Interim Force in Lebanon.

Against this background, contacts with businessmen from the UAE and Kuwait looked more significant. On April 18, President Lukashenko and the heads of the Cabinet of Ministers met with the leadership of the Dubai International Financial Center (IFC).

On April 29, First Deputy Prime Minister (at that time) Alexander Turchin discussed with a delegation of the Kuwait Fund for Arab Economic Development the allocation of a preferential loan for the construction of a regional clinical oncology center in Hrodna.

On September 24-25, a delegation of UAE business circles visited Belarus, which included representatives of the UAE government and major Emirati companies (Elite Agro, First Bank of Abu Dhabi, Senaat General Holding Corporation, Al Jaraf Fisheries, International Holdings Company).

Is there anything left of contacts with Africa and Latin America?

On January 16–17, Zimbabwean President Emmerson Mnangagwa paid a visit to Belarus, during which President Lukashenko offered him a “strategic partnership”. In 2018, several multi-million dollar contracts were signed for the supply of Belarusian equipment to Zimbabwe with the financial support of the Development Bank of Belarus and the Reserve Bank of Zimbabwe, but no deliveries were reported at the beginning of 2020.

Difficulties in conducting business with African countries were the reasons for the transfer of the African direction to the Head of the Presidential Administration, Viktor Sheyman. On behalf of Alexander Lukashenko, Viktor Sheyman visited a number of African countries. They are working on establishing joint ventures in agriculture, as well as a freight transport company in the South of the continent. Belarus has entered a project to build a solar power plant in Zimbabwe.

The Latin American direction of Belarusian diplomacy was finally marginalized. Venezuela may seem to be an exception, whose relations are maintained due to the inevitable material losses for the Belarusian side in the event of the overthrow of the Venezuelan government.

Conclusions

The policy regarding the countries of Asia, Africa and Latin America is partly determined by the state of Belarusian relations with the West and Russia, both in general and in certain sectors. In the foreseeable future, we should not expect a return to contacts with states that are seriously opposed to the West.

In fact, the relationship with the “far arc” will mainly focus on communicating with a few partners. China and Turkey will

remain among them, but there can be no such confidence about other countries. At the same time, the current changes in Belarusian policy in the developing world are not the result of a certain political disorientation in Minsk, but a planned and smooth strategic reorientation.

SOCIETY

CIVIL SOCIETY: FROM STREET ADVOCACY TO INTERNAL FINANCING

Vadim Mozheyko

Summary

In 2019, Belarusian civil society organizations (CSO) achieved some success in advocacy, often thanks to protests. Most organizations do not even try to enter advisory councils, which have a severely limited opportunity to make significant inputs.

Fundraising for CSOs and monetization of their core activities have been showing rapid growth, although the fiscal legislation remains adverse towards the functioning and development of civil society. LGBT topics polarize society and stimulate the evolution of CSOs with opposing views.

Trends:

- Application of non-systemic and street methods of advocacy;
- Increasing internal financing of Belarusian CSOs not only through monetization and donations, but also through starting social businesses;
- Polarization of public sentiment regarding gender and LGBT issues, which leads to the strengthening of the CSOs engaged in these areas and actualization of these topics on the political agenda.

Street protests and a hunger strikes instead of parliamentary advocacy

The Belarusian authorities expectedly seek to make contacts with discontented citizens orderly and composed. They manage to do this on the grassroots level by addressing somehow or other the appeals filed by members of local communities, and quite effectively resolve utility issues through the *115.bel* service

(over 1.5 million users, 2.65 million applications granted in 2019)¹. No effective tools have been worked out at the level of collective interests. Some actions taken by the authorities in 2019 encouraged civil society organizations and initiatives to act outside the system and, sometimes, to resort to street advocacy methods.

In fact, the House of Representatives has never been a place for parliamentary advocacy in the full sense of the word. The presence of *two* MPs unaffiliated with the system in the House of the 6th convocation at least marked a dawning of public-state interaction. They could be used as a channel for bringing in bills, make examined bills public, or have a voice on the bills before they have been passed. For instance, Anna Kanopatskaya posted draft budgets on social media. However, in the 2019 parliamentary elections, public activists were not admitted to the parliament or at least registered as candidates, and the president personally criticized the participation of Brest activists in the elections.

The situation with the direct communication between officials and CSOs is similar. In 2019, the authorities invited experts to meetings and task groups from time to time (the Ministry of Labor and the Coalition For Decent Aging; the Ministry of Economy and *Kastrychnitsky Economic Forum*; the Ministry of Foreign Affairs and *Minsk Dialogue*), but only on a selective basis. According to *CSO Meter 2019*, although public councils that include representatives of CSOs are accommodated by almost all government agencies, there is not a single regulation standard or principle. The selection criteria for CSOs are unclear and most often biased, and the selection procedure is nontransparent. The powers of the advisory councils are scarce, and panel debates do not usually affect high-level decision making. Around

¹ Мая Рэспубліка. Рэспубліканскі партал гарадской гаспадаркі, <https://115.бел/portal/?p=10901:1>.

30% of CSOs have presence in such councils, while the rest do not even try to obtain seats there.²

Meanwhile, unconstrained by the system, unregistered CSOs achieve some success in advocacy by means of regular street actions and hunger strikes. Activists of *Mother-328* civil initiative went on hunger strike in summer 2019, drawing attention to the prosecution for illegal drug related crimes, which they consider excessive in some cases. In 2019, the parliament amended section 328 of the Criminal Code towards mitigation of the punishment, and Alexander Lukashenko publicly promised presidential clemency to convicts.

The advocacy campaign of the Brest environmental protests was also successful. The IPower battery plant was not put into operation in 2019, the mayor began to meet with groups of local residents, and the president agreed that the protesters' demands were grounded.

Such successes inspire people to establish this kind of CSOs. For instance, the Fair Verdict initiative was formed in 2019. Very similar to *Mothers-328*, it united relatives of persons imprisoned for economic crimes. The Youth Bloc that was formed of CSO activists has been advocating matters related to education, military service and mitigation of anti-drug legislation since the autumn of 2019.

Financing: monetization, donations, social business

Following the trend that has been observed since 2018, CSOs continue to diversify sources of financing of their activities,

² Smolianko, Olga; Chavusau, Yury. "CSO Meter. Assessing the civil society environment in the Eastern Partnership countries." *Асамблея НДА Беларусі*, Sep. 2019, <http://belngo.info/wp-content/uploads/2019/12/CSO-Meter-Belarus.pdf>.

including by building up the domestic financing capacity. It was primarily about the provision of premises and organization of events for other CSOs in 2018, whereas the year 2019 saw *three* relatively new main fundraising areas, *firstly*, the monetization of achievements and competencies of *third* sector CSOs. Some activists reasoned in 2019 that not only donors, but also consumers of certain services were willing to pay. The consultations on obligatory job placements of university graduates, which Christina Richter provided free of charge as part of the Brotherhood of Organizers of Student Self-Government (BOSS) and *Youth Labor Rights* (YLAR), became a fee-based service of Digital Natives LLC (BYN 70 and over for one-time consultation and BYN 420 for full follow-up support).³

BirdLife Belarus organized a paid lecture of a Georgian scientist for a total of BYN 1,339 (107% of the required amount).⁴ The Center for Environmental Solutions also held a series of paid lectures on environmental topics, and sold nearly 230 tickets, BYN 10–15 each.

Secondly, CSOs began to collect donations from individuals. According to the survey “Public Organizations and Civil Initiatives: Engagement Capacity”, donations are one of the three most popular forms of community engagement (39%).⁵

Launched by *Ulej* crowdfunding platform in March 2019, *MolaMola* website became an important tool. Unlike crowdfunding, *MolaMola* does not require remunerating donors or setting deadlines or financial limits for projects, which enables CSOs to raise funds quickly and without bureaucratic delays. *MolaMola*

³ *Raspred.by* – Распределение в Беларуси, <https://raspred.by/>.

⁴ “8 лютага ў Мінску выступіць легендарны зоолаг Ясон Бадрыдзэ, які пражыў 2 гады ў зграі ваўкоў.” *Ахова птушак Бацькаўшчыны*, 11 Jan. 2019, <https://ptushki.org/news/655995.html>.

⁵ «Общественные организации и инициативы граждан: потенциал участия.» *Офис европейской экспертизы и коммуникаций*, 29 Nov. 2019, <https://old.oeec.by/oeec-bipi-research-2019/>.

hosts over 1,500 companies (not only CSOs) that have collected more than BYN 1.25 million.⁶ MolaMola won the Civil Society Champion Prize in 2019 in the *Talaka* of the Year nomination.

Petitions.by is another positive example. It not only accepts donations through its website, but also regularly publishes detailed statistics of its expenses in the form of bank statements and interactive infographics.⁷

Thirdly, CSO activists are trying to launch social business projects that would help other CSOs and themselves perform functions typical of CSOs. Inspired by the Ukrainian Urban Space project, a group of activists founded the *Dbaju* city project, a social restaurant and event venue. Revenues will go to non-profit city projects and initiatives. The founders of the project (350 people who will invest USD 1,000 each) will decide on support addressees.⁸

The example of Prague inspired Olga Gorbunova, former head of *Radislava* NGO, to open the NORM café-club, which will create jobs for women, victims of domestic violence, and 50% of the profits will be donated to shelters for such women and their children.⁹

Regretfully, Belarus financial legislation remains adverse towards CSOs, limiting access to funding.¹⁰

⁶ «О нас.» MolaMola, 2019, <https://molamola.by/pages/about>.

⁷ «Удобный город. Статистика пожертвований.» *Petitions.by*, 2019, <https://petitions.by/donations/stats>.

⁸ «“Ты просто ешь – и уже делаешь город лучше”. Минчане открывают ресторан, прибыль которого потратят на благоустройство города.» *CityDog*, 17 Dec. 2019, <https://citydog.by/post/dbyou/>.

⁹ «В Минске откроется клуб-кафе – там будут работать женщины, пострадавшие от насилия.» *Tut.by*, 03 Jan. 2020, <https://afisha.tut.by/news/places/667336.html>.

¹⁰ See Smolianko, Olga; Chavusau, Yury. “CSO Meter. Assessing the civil society environment in the Eastern Partnership countries.” *Асамблея НДА Беларусі*, Sep. 2019, <http://belngo.info/wp-content/uploads/2019/12/CSO-Meter-Belarus.pdf>.

From “gay lobbying” accusations to the trial for homophobic extremism

In 2019, the polarization of society with respect to violation of gender and LGBT rights led to the strengthening of engaged CSOs and pushed this point up on the socio-political agenda. This concerns both liberal and illiberal CSOs and activists.

Thanks to the media attention and appeals at international venues, the ‘March, Baby’ advocacy campaign achieved a meeting with the foreign minister and support from one of the new MPs for the law against domestic violence. Co-founder of the campaign Svetlana Gatalskaya shared the Civil Society Champion Prize in the Public Leader of the Year nomination in 2019.

LGBT organizations effectively cooperate with each other, including on a joint action strategy, which reinforces horizontal ties and facilitates new regional LGBT initiatives. The New Regions initiative (Mogilev) won a RADA award in the Youth Initiative for Local Community Development nomination.

Our Home CSO launched the *Tg House* campaign to combat stigmatization and discrimination of transgender people in Belarus.

The trial of *Vecherny Mogilev* newspaper, the most homophobic periodical in Belarus, which was accused of extremism, was quite characteristic in this regard. Although a guilty verdict was not reached, the expert examination of the extremist nature of the newspaper’s articles and the very fact of Belarus’ first trial of the kind is very inspiring for the LGBT community.¹¹

The trial also encouraged activists that uphold opposite views. During the trial, *Vecherny Mogilev* was actively supported by non-liberal Open Hearts NGO, opponents of the LGBT

¹¹ «Дело против “Вечернего Могилёва” закрыто. Суд признал, что спорные материалы газеты – не экстремизм.» *Tut.by*, 18 Dec. 2019, <https://news.tut.by/society/665732.html>.

community, abortions and in vitro fertilization (primarily Christian communities). Similar public statements were made by head of the Roman Catholic Church in Belarus Metropolitan Tadeusz Kondrusiewicz.

During the parliamentary campaign, Belarusian politicians either refrained from talking about LGBT issues, or stated their negative attitude. When in conflict with the PEN Center in autumn 2019, Pavel Severinets accused the organization of “gay lobbying.” the only openly pro-Russian parliamentary candidate Elvira Mirsalimova got in the spotlight after she vented her fury on gay people on *Odnoklassniki*. She was supported by many. A large number of commentators welcomed her pronounced homophobic position.

Conclusion

Since official communication channels are unavailable, Belarusian CSOs are looking for alternative ways to convey their agenda to the authorities, achieving local successes (*Mothers-328*, Brest activists), which inspire the others to step up advocacy efforts (Youth Bloc, Fair Verdict). This trend is likely to continue in 2020, but attempts to politicize such efforts will be suppressed by the government.

Belarusian CSOs face numerous difficulties when trying to obtain international assistance. Therefore, they have to find alternative sources to finance their activities, including through monetization, donations and social businesses. Since legislation in this area will hardly be liberalized, and funding is always needed, CSOs will continue developing these and new tools in 2020. Information technologies will facilitate this process, while the economic stagnation in Belarus will impede it.

CSOs of both supporters and opponents of the LGBT and gender agenda were actively expanding in 2019. The *Vecherny*

Mogilev trial showed that despite the president's homophobic rhetoric, the state is not willing either to share the position of radical opponents of the LGBT community, or condemn them for hatred in the media. Such CSOs will try to enlist and expand public support in 2020 and achieve real or symbolic support of the state, which will inevitably lead to conflicts between the organizations.

DEMOCRATIC ORGANIZATIONS: CAPACITY BUILDING

Valeria Kostyugova

Summary

Political parties pinned certain hopes on 2019, but most of them did not come true. The ruling elite did not dare to increase the role of parties in the national political system, and only insignificantly expanded the presence of pro-presidential parties in the parliament. Democratic parties and organizations were cut off from decision making, although they managed to involve new groups in politics and persistently and consistently defend interests of disadvantaged social groups and their associations.

Increased civil society's support for most political organizations neither made them stronger structurally, nor elevated their political status. In fact, their lobbying successes and evasion of repression paved the way for other actors.

Trends:

- Tightening of discriminatory conditions for the functioning of political parties;
- Increased public support and politicization of a large number of community activists; advocacy successes;
- Evolution of inter-party communication patterns;
- High reputational costs of the attempts to form coalitions.

2019 was the final year of the preparatory phase of the mobilization of supporters as part of parties' strategies that they have been following since 2016. All areas of activity of political organizations last year turned to be in demand in the future and, to a large extent, paved the way for the events of 2020.

The promotion of "candidates of protest" under the leadership of Nikolai Statkevich and his alliance with Sergei Tikhanovsky

created prerequisites for the 2020 “revolution of signatures”. Tell the Truth campaign, the center-rightists (United Civil Party), For Freedom movement and the organizing committee of the Belarusian Christian Democracy party) lobbied interests of discriminated social groups and mildly involved new groups in politics, which helped allay fear in society and increase its politicization. The United Civil Party (UCP) and Belarusian Christian Democracy (BCD) collaborated with bloggers during and after the parliamentary elections, which strengthened their communication and contributed to solidarity against repression.

Advocacy

The year 2019 saw political organizations’ successes in advocacy of interests of discriminated social groups and involving them in politics. Most parties and political civic organizations continued pursuing the agenda they formulated back in 2017.¹

Tell the Truth traditionally focuses on lobbying interests of local communities in the provision of urban amenities, development of infrastructure and expansion of access to healthcare and education. Efforts are made by dozens of petition campaigns, including the largest *pobory.by*² (“for education without extortions”), meetings with local authorities are being held, and tangible local successes are being achieved. The organization held a series of Development Forums and handed proposals to government agencies.³

¹ Кухлей, Зьміцер. “Змена павесткі апазіцыйных партый: мірны транзіт улады замест «Плошчы».” *Наше мнение*, 05 Sep. 2019, <https://nmnby.eu/news/analytics/6927.html>.

² *Поборы в детских садах и школах*, <https://pobory.by/>.

³ «Пришло время не ждать, а самим действовать.» *Говори правду*, 01 Dec. 2019, <https://zapraudu.info/prishlo-vremya-ne-zhdai-a-samim-dejstvovat/>.

The center-right coalition (UCP, For Freedom and BCD organizing committee) and MP Anna Kanopatskaya continued lobbying legislative amendments and support for socially disadvantaged groups, such as *Mothers-328*. The center-rightists also joined the lobbying of interests of local communities, and achieved some success in this field. For example, the Minsk authorities dropped the idea to erect new buildings in an overbuilt district and provided extra ambulance vehicles to a Pinsk outpatient clinic.

Alongside the center-rightists and Tell the Truth campaign, the Brest regional branch of the Belarusian Social Democratic Party is worth mentioning for its effective advocacy at the local level.

Political organizations contributed to nationwide media advocacy campaigns. Joint efforts of civil society and politicians produced a considerable, albeit still limited, cumulative effect. The law on military service deferments was not abolished, but did not take effect as previously scheduled and military service was included in the years of pensionable service.⁴

Experience gained by activists during petition pressure campaigns is important to meet the requirements of the law on elections, which sets a high threshold for nomination of presidential candidates. Protection of interests of social groups and participation in the 2019 parliamentary elections (which was more like an advocacy stage, rather than means of obtaining seats in the parliament) were the main tools that organizations used to expand their political presence, as they have virtually no other legal opportunities to act.

The authorities tightened the procedure for holding mass events by increasing fees of the police and paramedics who must

⁴ «Службу в армии будут включать в страховой стаж, а декретный отпуск и учёбу в вузе – по-прежнему нет.» *Tut.by*, 19 Oct. 2019, <https://finance.tut.by/news657992.html>.

be present there to the size that few can afford, which made it almost impossible for political organizations to operate in this format. The results of the local (2018) and parliamentary (2019) elections made it clear that the government is not going to recognize any independent political forces.

Parliamentary campaign

Although the government manifested its iron determination to clear the political field of political organizations, the latter used the election campaigns to enlist extra support.⁵ This gave observers the hope that democratic organizations will no longer possess the exclusivity of admission and excessively high requirements to ideological affinity and moral purity of their members, as new organizations applied a more inclusive approach: the pursuance of common goals is sufficient for cooperation. Unfortunately, some old-timers in the democratic opposition reject this approach and their political leaders resort to defamation in their struggle against emerging competitors.

During the parliamentary elections, the center-rightists and Tell the Truth entered into an alliance with local communities' nominees to protect the rights of local residents (Olga Belyavtsova, Pavel Stanevsky), environmental groups (Tatiana Sivachenko, Andrei Bodilev), *Mothers-328* (Tatiana Kanevskaya, Natalia Sharipo), bloggers (Nikolai Maslovsky, Olga Pauk), leaders of protests in Brest against the construction of the battery plant (Roman Kislyak, Sergei Petrukhin), educational reform activists (Sergei Olshevsky, Nadezhda Gatsak), etc.

Sergei Cherechen's Belarusian Social Democratic Party joined efforts with the Youth Bloc, promoting seven candidates

⁵ Кухлей, Зьміцер. “Палітарганізацыі прагматызуюць падыходы ў працы з новымі сацыяльнымі групамі.” *Наше мнение*, 05 Sept. 2019, <https://nmbny.eu/news/analytics/6927.html>.

with an agenda and political PR methods that were completely new for the traditional opposition.

Nikolai Statkevich chose special tactics, nominating protest candidates to step up community outreach and prepare them for running for president. Thanks to the wide engagement of his supporters, N. Statkevich managed to campaign for protest across the company.

A number of political organizations used the parliamentary elections to promote their agenda and recognizability. European Belarus was among them. It arranged a large number of pickets to collect signatures for the nomination of candidates.

Pro-presidential political organizations were not as publicly active as during the previous parliamentary elections, but notably increased the number of activists involved.⁶

The all-time high number of democratic nominees for parliament⁷ contributed to the politicization of society. In response, the authorities denied their registration, tightened conditions for campaigning, did not admit observers, and arrested activists.

Political bloggers quickly became enormously popular. The Country For Life blog *doubled* the number of its subscribers during the parliamentary elections, including by posting interviews with independent candidates. The audience of other political blogs also increased considerably, even without NEXTA.

For the first time, bloggers proved to be a real political force when they nominated their own candidates – Nikolai Maslovsky, Alexander Kabanov, Roman Kislyak, Yuri Gantsevich and others – supporting each other and reaching agreements with experienced political organizations and their leaders. The UCP

⁶ Буров, Николай. «“Партийные” итоги парламентских выборов в Беларуси – начало нового тренда или путь в никуда?» *Наше мнение*, 15 Nov. 2019, <https://nmbny.eu/news/analytics/6981.html>.

⁷ «Конкуренция на парламентских выборах значительно выросла.» *Belarus in Focus*, 13 Oct. 2019, <https://belarusinfocus.info/by/vybachaya-kampaniya/konkurenciya-na-parlamentskih-vyborah-znachitelno-vyrosla>.

gave them an opportunity to stand for election without collecting signatures for their nomination.

Leaders of political organizations, such as Nikolai Statkevich, Anatoly Lebedko and the UCP (including UCP-TV), Vitaly Rymashevsky, Andrei Dmitriev, Anna Kanyus and Ivan Maslovsky (Brest), Olga Belyavtsova, Tatiana Lasitsa, and Nikolai Lysenkov, took advantage of the growing interest in politics and elections by developing their own means of communication—blogs and social media accounts.

Joint pickets of candidates are worth noting. One of them took place on the Liberty Square of Minsk.⁸ Seven democratic and six pro-presidential candidates arranged their pickets there at once. Sergei Tikhanovsky and Nikolai Maslovsky provided a live coverage. Another picket was held in Gomel.

In order to quench the high politicization of society at the final stages of the election campaign, the authorities induced a 37.6% turnout at the early voting stage and 30% in door-to-door polls in some constituencies, kicked out observers from polling stations, detained activists and then candidates at the final stages.⁹ The campaign finale with numerous detentions, a completely sterile parliament and fishy turnout and voting statistics were severely criticized by international partners of Belarus (except Russia, the CIS and China).

As a result, the government had to abandon plans to revitalize international activities of the parliament and reorient the 7th House of Representatives back to inter-parliamentary

⁸ «Агитация: политическая цензура остаётся жёсткой, число демкандидатов сокращается, активность избирателей остаётся низкой.» *Belarus in Focus*, 10 Nov. 2019, <https://belarusinfocus.info/by/vybarchaya-kampaniya/agitaciya-politicheskaya-cenzura-ostaetsya-zhestkoy-chislo-demkandidatov>.

⁹ «Парламентские выборы: откат по всем направлениям.» *Belarus in Focus*, 17 Nov. 2019, <https://belarusinfocus.info/by/vybarchaya-kampaniya/parlamentskie-vybory-otkat-po-vsem-napravleniyam>.

cooperation with the CIS members, having no opportunity to engage competences of the appointed MPs with a diplomatic background.¹⁰ Nevertheless, the government was satisfied with the elections, since it continues to be backed by loyal bureaucrats and associated businesses, while unreliable elements are kept out.

Although democrats were not admitted to the parliament, the campaign was quite successful for the democratic community as well, as the ‘candidates of protest’ got prepared for the 2020 presidential campaign, politicization of society increased, and so did its awareness of technologies applied by the powers that be to rig elections. The democrats gained some experience in collecting signatures, pre-election campaigning, intercommunication and surviving a crackdown. Political leaders who participated in the parliamentary campaign considered it a defeat, though, and, therefore, the events of 2020 came as a total surprise to them.

Street actions and internal development

As the costs of the conventional forms of political actions were raised to barely affordable levels, democratic organizations had to switch from mass actions to petitioning and pressure through public assemblies. Nevertheless, the year saw several relatively large actions, including a joint rally of political organizations and bloggers in Grodno, the rally of the center-rightists in Minsk timed to the 101st anniversary of the Belarusian People’s Republic, the reburial of the remains of Konstanty Kalinowski in Vilnius with the massive and visually expressive participation of Belarusians, and actions of protest against integration with Russia.

¹⁰ См. Казакевич, Андрэй. “Парламент: вырошчванне новага палітычнага поля” в настоящем сборнике.

The latter took place during Lukashenko's talks with the Kremlin on integration roadmaps. It was organized by civil society activists, in particular Fresh Wind movement, which called on making live chains along city streets. Members of political organizations joined the initiative, and then their leaders organized several protests, which ended with detentions.

Street actions and the election campaign revealed internal problems in democratic organizations and the predominance of competition over solidarity in their interaction with each other. Attempts to coordinate activities constantly lead to conflicts between leaders of democratic organizations and large losses of time when it comes to making decisions. Mutual jealousy and accusations of failure damage the reputation of political leaders, whereas independent political engagement in one chosen direction increases the chance for success of democratic organizations.

Conclusion

In 2019, political organizations had to compete with the authorities, civil society organizations and with each other. It was a defeat in all three segments. The authorities narrowed opportunities for public actions by setting prohibitive security and ambulance costs, and making the campaigning and vote count monitoring as hard as possible.

Although political parties have to fight an uphill battle all the time, they remained under the illusion that the regime needs them. They saw the main threat to their campaigns in the admittance of opposition candidates to the House of Representatives.

Civil society organizations scarified parties for the participation in the elections instead of boycotting them, as well as for the failure to obtain at least a few seats in the parliament. In fact,

if political organizations refused to run, they would become virtually equal to civil society organizations both in their powerlessness and alienation from the political system. The former thus lose to the latter in terms of funding and advocacy capacity.

Political leaders undermined themselves by throwing mutual accusations and attempting to build alliances and coalitions, which only poured oil on flames and damaged their reputations even more.

Significant changes in community outreach techniques, increased support from society and palpable successes in advocacy neither made the parties stronger, nor elevated their political status.

MASS MEDIA: SEEMING CALMNESS AMID ACCUMULATING THREATS

Elena Artiomenko

Summary

The 2nd European Games, parliamentary elections, disputes with Russia over oil and gas supplies and integration roadmaps were the major news topics for the mass media of Belarus in 2019. Media managers were expected to cope with somewhat opposite tasks. On the one hand, they were to help 'save face' and build an image of Belarus as an open and free country primarily for Western observers and guests. The authorities even reduced pressure on independent media to this end. On the other hand, media were tasked to ensure and strengthen their influence on information consumers, among other things under increasing external media pressure from the East.

Trends:

- Alleviated government pressure on independent media outlets;
- Patchy and inadequate measures to strengthen information security;
- Domination of the Internet over television in terms of the share of the advertising market;
- Deficient research of both traditional and online media audience and shallow analysis of the findings.

Media in the context of major nationwide events

The government used the 2nd European Games held on June 21–30, 2019 in Minsk and the parliamentary elections of November 17 to present Belarus well as an open and free country, although the domestic political traditions did not change, and neither did the tools used to ensure the desired outcome of the elections. A simple and painless way – easing pressure on independent media – was chosen.

The trial of Tut.by Editor-in-Chief Marina Zolotova in the so-called “BelTA case”¹ on March 4, 2019 was a high-profile event. M. Zolotova was found guilty of negligence in office, and, according to experts, was punished rather mildly. She was fined BYN 7,650 (around USD 3,800).

Experts of the Belarusian Association of Journalists (BAJ) wrote in the Media in Belarus monitoring report that not a single independent journalist, who cooperated with foreign media, was officially fined during the 2nd European Games in Minsk from late May to late July 2019, although fines have been widely used in Belarus as a tool of pressure (38 cases January through May 2019)².

Independent collaborators with foreign media continued to be fined after the end of the European Games. Nevertheless, the 2019 parliamentary elections were generally incident-free, and repressions against independent media did not grow severe. However, independent media showed little interest in the election campaign since opposition politicians were basically inactive.

Information security enhancement measures

The task to demonstrate relative freedom and openness of Belarus was fulfilled quite successfully, but the Belarusian authorities have not succeeded as much when addressing the second strategic task to ensure information security in the face of rising challenges, first of all the past parliamentary campaign and

¹ «“Дело БелТА”. Даже год спустя главные вопросы остаются без ответа.» *Naviny.by*. 10 Aug. 2019, <https://naviny.by/article/20190810/1565409965-delo-belta-dazhe-god-spustya-glavnye-voprosy-ostayutsya-bez-otveta>.

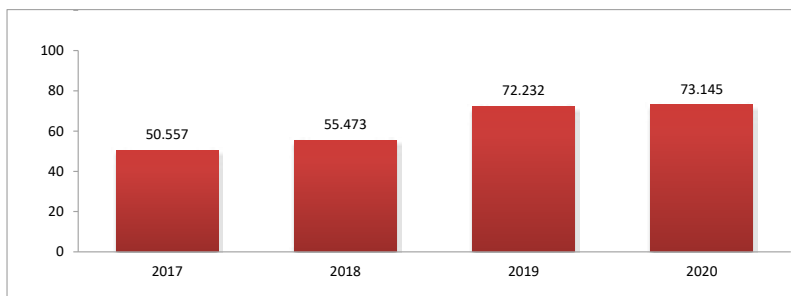
² «Электронный бюллетень “СМИ в Беларуси”. Январь-июнь, 2019.» *Белорусская ассоциация журналистов*. 10 Oct. 2019, <https://baj.by/ru/analytics/elektronnyy-byulleten-smi-v-belarusi-yanvar-iyun-2019>.

the future presidential election in 2020, as well as the difficult negotiations with Russia on compensation for damages caused by the supply of contaminated Russian oil through the *Druzhba* pipeline in April 2019 and the tax maneuver in the Russian oil industry. The work on roadmaps for integration with Russia added fuel to the fire as well.

The government has been thinking hard about enhancing information security for a few years now. Spending on state media was significantly increased in 2019. Earlier, efforts were made to take the Internet under state control.

In August, when appointing Andrei Kuntsevich deputy presidential chief of staff in charge of ideology and media, Alexander Lukashenko pointed at the key media policy issues: the youth and Internet audience outreach.³ The young official with a journalistic background was appointed particularly to deal with these issues.

Diagram 1. Dynamics of public spending on media support, 2017–2020, USD million



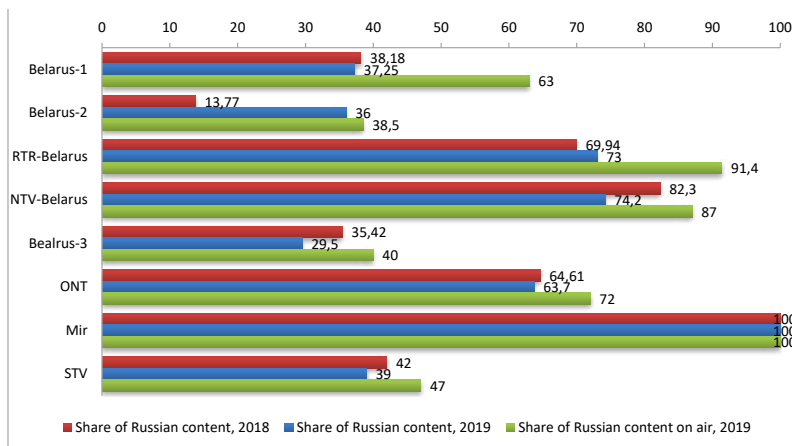
Source: Belarusian Association of Journalists.

³ «Времени на раскачку нет» – Лукашенко актуализировал задачи для идеологии, включая сферу интернета.» БелТА, 09 Aug. 2019, https://www.belta.by/president/view/vremeni-na-raskachku-net-lukashenko-aktualiziroval-zadachi-dlja-ideologii-vkljuchaja-sferu-interneta-358791-2019/?utm_source=belta&utm_medium=news&utm_campaign=accent.

According to the Belarusian Association of Journalists, public spending on media support increased in 2019 by 30% in U.S. dollar terms.⁴ The amount of state support will not change in 2020, standing at USD 73.145 million (USD 72.232 million in 2019) (Diagram 1).

The monitoring⁵ report “Pro-Russian Propaganda and Coverage of ‘Profound Integration’ on Belarusian Television” by the BAJ generally indicates the effectiveness of extra spending meant to increase the share of national content on Belarusian television (Diagram 2).

Diagram 2. Share of Russian content on Belarusian television channels, %



Source: Belarusian Association of Journalists.

Compared with 2018, the share of Russian content slightly decreased on *Belarus-1* channel (from 38.18% to 37.25%), ONT

⁴ «Пророссийская пропаганда и освещение “углубленной интеграции” на белорусском телевидении.» Белорусская ассоциация журналистов. 23 Jan. 2020, <https://baj.by/ru/analytics/monitoring-bazh-prorossiyskaya-propaganda-i-osveshchenie-uglublennoy-integracii-na>.

⁵ Conducted from October 21 to November 17, 2019.

(from 64.61% to 63.7%), STV (from 42.0% to 39.0%), decreased more on NTV-Belarus (from 82.3% to 74.2%) and Belarus-3 (from 35.42% to 29.5%), and increased on RTR-Belarus (from 69.94% to 73.0%) and grew significantly on Belarus-2 entertainment channel (from 13.77% to 36.0%). Small changes in the share of Russian content on the top television channels indicate (at least in quantitative terms) that increased public spending was ineffective. It may have some larger effect in the future, though, and the situation will probably change in 2020–2021.

At the same time, information pressure on the country is intensifying and taking new forms. According to a study by the EAST Center, until 2018, Russian *Regnum* and *EADaily* platforms were used as the main tools of anti-Belarusian propaganda. “Published materials questioned the sovereignty and independence of Belarus and its territorial integrity, contained insulting remarks regarding the Belarusian nation, language and culture.” A whole network of Belarusian regional Internet sites was created in 2018–2019. They regularly posted misinforming and propaganda materials in hateful language against different groups of the population of Belarus. *Teleskop-by.org*, *Sozh.info*, *Vitbich.org*, *Berestje-News.org*, *GrodnoDaily.net*, *Mogilew.by*, *Podneprovie-Info.com*, *Dranik.org* were among them.⁶

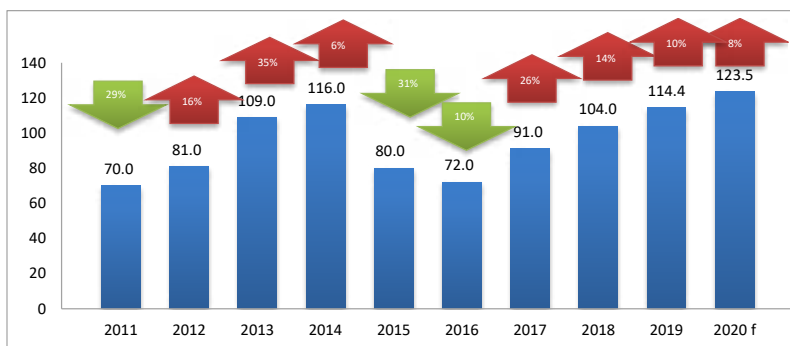
These websites reach an insignificant segment of the Belarusian audience, but their very presence can contribute to destabilizing the situation. Belarus’ information policy does not provide an alternative.

⁶ Елисеев, Андрей. «Кардинальные перемены в антибелорусской дезинформации и пропаганде: Анализ количественных и качественных изменений.» EAST Center, <http://east-center.org/wp-content/uploads/2019/04/Belarus-Disinformation-Propaganda-2019-RU.pdf>.

Alternative sources of media financing and advertising market

Processes in the advertising market can hardly help strengthen the national media space, although the market grew by 10% in 2019 (Diagram 3). This growth only occurred thanks to online advertising, the share of which exceeded the share of advertising on TV for the first time in the history of the Belarusian advertising market.

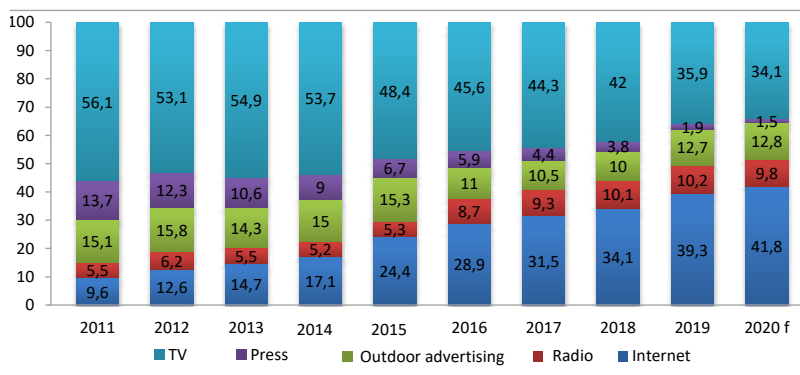
Diagram 3. Belarus' advertising market dynamics in 2011-2020, USD million



Source: WebExpert

In 2018, the share of TV advertising made up 42.0% against 34.1% of online advertising. In 2019, this ratio was 35.9% against 39.3%, respectively (Diagram 4). Online media advertising thus yields the palm to contextual advertising (37.0% against 63.0%). Targeted advertising in social media is the most common tool. Therefore, growth of the advertising market does not automatically determine growth of investment in the media.

Diagram 4. Distribution of advertising budgets per medium in 2011–2020, %



Source: WebExpert

Beside next-to-zero growth of investments in media from TV advertising, infrastructural peculiarities produce a negative effect on the TV advertising market. Back in 2011, state-owned television channels reported that Growth from Knowledge (GfK, Russia) won the tender for media research in Belarus, but the project was never launched.

Real Measurement LLC took over media research from GEVS in 2018. Data was processed and disseminated by AMG-Consult LLC. In September 2019, the Belarusian State TV and Radio Company, Second National Television Channel CJSC, Stolichnoe Television CJSC, and the Office of Mir TV and Radio Company set up the Television Advertising Alliance sales house on a parity basis and terminated the contract with AMG Consult.

Negotiations with the state sales house on data acquisition took longer than expected. Real Measurement entered into a single source data supply contract with the sales house of Alcazar Media Service private TV channels and had to reduce the sample size and the number of measured channels (ONT, Russia-Belarus, STV and Mir were excluded). The state media are

voicing plans to create a state-owned media meter company by the end of 2020.⁷

This means gradual nationalization of infrastructure for the sale of television advertising in conditions of poor transparency and awareness of market players, which undermines the effectiveness of the system.

In the meantime, changes are also taking place in infrastructure for media research on the Internet. The analysis of the Belarusian Internet audience had been based on data provided by *Gemius SA* since 2009. *Gemius* then announced a rise in its fees, so its Belarusian partner #DB3 stopped buying *GemiusAudience* audience research data, *GemiusDirectEffect* advertising campaigns audits and *gemiusAdHoc* quantitative research reports.⁸ Apparently, Belarusian media will experience a shortage of research data on both traditional and online media.

Conclusion

The year 2019 was relatively calm for the media in Belarus. No significant changes were observed. However, internal and external threats to stability and security of the national information space were increasingly accumulating.

An internal media stability decline took place due to the impaired efficiency of the increasing government funding of

⁷ «Об информационном суверенитете, вызовах и честном разговоре с людьми – Лукашенко высказался о работе госСМИ.» *БелТА*, 11 Feb. 2020, <https://www.belta.by/special/president/view/lukashenko-vstretilsja-s-rukovodstvom-krupnejshih-gosudarstvennyh-smi-379176-2020/>.

⁸ «Инициатор исследований интернет-аудитории в Беларуси рассказал, почему прекратил сотрудничество с польской компанией *Gemius S.A.*» *Marketing.by*, 13 Jan. 2020, <https://marketing.by/mnenie/iniatsiator-issledovaniy-internet-auditorii-v-belarusi-rasskazal-pochemu-prekratil-sotrudnichestvo-s-/>.

state-owned media and the condition of advertising market infrastructure.

External potential threats encompass Russia's continuing pressure on the national information space and the diversification of sources of this pressure. Since the Belarusian leadership is well aware of the information security problem, 2020 is likely to see targeted measures aimed at the nationalization of advertising infrastructure and the launch of a new news channel. This plan was voiced at the presidential meeting with heads of the leading media outlets on February 11, 2020.

However, the ongoing slowdown in economic growth and disturbance on the advertising market will lead to a shortage of investment in media. As a result, significant strengthening of the national media sector is highly unlikely.

SCHOOLS AND UNIVERSITIES: EDUCATION POLICY DEFORMATIONS

Vladimir Dounaev

Summary

A fundamental defect of state education policy – the increasing social inequality in terms of access to quality education and, consequently, poor career perspectives – clearly manifested itself in 2019. The leadership of the ‘social welfare state’, including the Ministry of Education, chose to ignore this challenge.

The Ministry of Education defiantly excludes the social dimension from its strategies. At the same time, abandoning the inclusion policy, the ministry does not make decisive efforts to ensure high quality of secondary and tertiary education. Instead, it manipulates with the quality control tools, engages in political illusionism and pushes other stakeholders out of formal education.

In 2019, the Ministry of Education neutralized the attempts of the IT sector to steamroll vocational education reform and implemented a conservative strategy to minimize obligations to foreign donors.

Trends:

- Removal of social obligations from the policy documents of the Ministry of Education and from real educational policies;
- Increased social and cultural differentiation in terms of access to quality education;
- Suspicious attitude of those in charge of education to alternative strategies aimed at enhancing the quality of secondary and tertiary education;
- Unsuccessful attempts of international organizations and Belarus’ advanced businesses to advocate education reform.

PISA shock that went unnoticed

In 2018, for the first time, Belarus took part in the international *Program for International Student Assessment (PISA)* conducted

by the Organization for Economic Cooperation and Development. According to PISA, the national secondary education system can be assessed based on the tested ability of 15-year-olds to apply the acquired knowledge.

Participation in PISA was part of the World Bank's Secondary Education Modernization Project in Belarus. Tests were taken by 5,803 tenth graders of 236 educational institutions (176 schools, 27 gymnasiums, 6 lyceums, 13 colleges and 14 vocational schools). Contrary to expectation, the results of PISA testing published in December 2019¹ were not that shocking, and Education Ministry functionaries said they were quite satisfied with them. Belarus was rated 36th out of 79 countries that participated in PISA-2018, which can be regarded as a satisfactory result, but only at first glance.

The picture of this country's average does not show the huge gap between education provided by elite and rural schools: a 106-point difference in reading literacy, 112 points in mathematical literacy and 113 in scientific literacy. Considering that 40 points is equivalent to 1 year of study, this gap means that rural schoolchildren are almost 3 years behind lyceum students.

A no less striking difference of 102 points can be seen between the results shown by schoolchildren from wealthy families and students from families with low socio-economic status. If there was a question about tutors on the questionnaire, perhaps, the success of the children from wealthy families could be attributed to the extra tuition, rather than the effectiveness of education at lyceums or gymnasiums.

Belarus is not the only country with striking inequality in terms of access to quality education. In most cases, this is a reason for alarm and significant education policy adjustments. Commenting on the PISA results in Belarus, World Bank expert

¹ "PISA 2018 Results (Volume II): Where All Students Can Succeed." OECDiLibrary, Dec. 2019, <https://doi.org/10.1787/b5fd1b8f-en>.

Tigran Shmis tactfully remarked that the policy of coaching the top leaves those at the bottom forgotten, which means that education ceases to be a social lift that a social welfare state is supposed to provide. Well-balanced education policy and particular attention to those having lower grades gives better results and ensures prosperity, Shmis said.² However, this opportunity gap neither surprised nor alarmed the Education Ministry. “In my opinion, we have normal conditions for everyone,” said Director of the Republican Institute for Knowledge Control Yuri Miksyuk.³

This understanding of what seems to be normal is clearly seen in the Education Ministry’s policy guidelines. The document ‘Conceptual Approaches to Development of the Education System of the Republic of Belarus for the Period to 2020 and the Outlook for the Period to 2030’ approved by the minister in 2017⁴ does not set the task to ensure equal access to secondary or higher education for vulnerable groups of the population. The authors understand inclusive education as physical accessibility of school buildings for people with disabilities, and the authorities ignored all other social groups that need preferential support.

A similar approach is seen in the World Bank’s Belarus Higher Education Modernization Project⁵ and in the Strategy for the

² «Разрыв между гимназиями и школами – сто баллов. Почему отличаются результаты тестов и что с этим делать.» Tut.by, 12 Jan. 2020, <https://news.tut.by/society/668467.html>.

³ Ibid

⁴ «Концептуальные подходы к развитию системы образования Республики Беларусь до 2020 года и на перспективу до 2030 года.» Министерство образования Республики Беларусь, <https://edu.gov.by/about-ministry/zakonodatelnye-akty-v-sfere-obrazovaniya/>.

⁵ «Модернизация высшего образования Республики Беларусь.» Министерство образования Республики Беларусь, <https://edu.gov.by/proekty/proekt-modernizatsiya-vysshego-obrazovaniya/>.

Development of State Youth Policy in the Republic of Belarus for the Period to 2030.⁶ None of them even mentions facilitated access to quality education.

There was no need to wait for PISA results to see this problem. Social deformations are also vivid in the official statistics on the availability of higher education, which declined from 85.6% to 64.8% in 2011–2018. The share of graduates of rural schools among university students was *three* times smaller than their share among schoolchildren. And 90.6% of those who study in the Belarusian language are rural schoolchildren, i. e. social discrimination goes hand in hand with cultural discrimination.

Even in those rare cases when care for inclusiveness is proclaimed, the effect is the opposite: the proportion of people with disabilities among university students is steadily decreasing. Besides, gender balance is being failed to achieve in higher education.

Quality vs availability: neither

The government has been accused for years of neglecting the quality of education for the sake of its accessibility. The accessibility as a fundamental principle of modern education is off the agenda now. Efforts to improve the quality, however, turn into political illusionism. Inflation of the results of centralized testing continued in 2019. A new approach to scoring made it possible to report the improved quality of secondary education.

But the declarative focus on the quality and modernization of secondary and higher education, for which the government

⁶ «Стратегия развития государственной молодёжной политики в Республике Беларусь до 2030 года.» Министерство образования Республики Беларусь, <https://edu.gov.by/proekty/proekt-strategii-razvitiya-gosudarstvennoy-molodezhnoy-politiki/>.

takes foreign grants and loans, in fact, appears to be a mirage. Obligations taken under the Bologna process are not fulfilled even in the most reduced variants. The Education Ministry's extremely diluted work plan for 2019 was not even half executed.⁷

Education authorities' delusion manifested itself in the ban on cell phones in classrooms and regular coercion to vote early during elections, which students do not resist anymore. This universal conformism was slightly disturbed by the Youth Bloc during the 2019 parliamentary elections, but the reaction of both teachers and most students to the attempt of few bold spirits to unveil the administrative coercion to vote early rather indicates a mass adaptation to such manipulations and reluctance to challenge official results.

Even when actions of the authorities affect the vital interests of the people, as it happened when accreditation of five educational programs at the Minsk Innovation University was denied, the timid attempt to protest (the student strike on November 11, 2019) died out shortly after the Prosecutor's Office issued an official warning. Society has got used to the arbitrary application of quality control tools so much that few believed that nothing but politics were behind the decision that put the university on the verge of closure.

Neither the academic community, nor civil society is willing to publicly protest against this quality control instrumentalization. And this passiveness contrasts markedly with the reaction to the closure of the European Humanities University in 2004, which caused massive protests. And now, 15 years later, there are just few unheard voices.

⁷ «Отчёт о мониторинге выполнения Стратегического плана действий по реализации основных задач развития системы образования в соответствии с принципами и инструментами Европейского пространства высшего образования. Итоги выполнения плана 2019 года.» *Общественный Болонский комитет*, 28 Jan. 2020, http://bolognaby.org/images/uploads/2020/01/Monitoring_str_plan_jan2020.pdf.

Corporate university instead of education reform

In 2019, the IT sector initiated a discussion of education reform in Belarus. The outwardly restrained dialogue between High Technology Park (HTP) residents and officials of the Ministry of Education, including rectors of several universities, could not but spill over reciprocal claims and grudges into the public domain.

HTP companies pointed at the inadequate skills of graduates resulted from poor academic education as a reason for refusal to hire. In turn, the minister and rectors said that potential employers did not generally apprehend the fundamental nature of educational programs, and required just niche specialization. In response to complaints about the quality of training, the minister spoke about the number of Belarusian universities and 24,000 students majoring in *three dozen* IT disciplines. In the absence of ‘fresh blood’ in the faculties who have long been obsolete in terms of the modern labor market requirements, university managers are inclined to blame the IT sector for poaching young specialists.

This kind of dialogue has no future and hence there is no hope for real higher education reform. Furthermore, according to President Lukashenko, “We have never initiated education reforms and we never will.” “We must improve what we have today and what we obtained yesterday,” he said.⁸

The attempts to push the system toward change come to naught. Similarly, in 2009–2010, HTP residents tried to find common language with the state regarding an improvement of

⁸ «Доклад о перспективах развития национальной системы образования.» Официальный интернет-портал Президента Республики Беларусь, 01 Feb. 2019 года, http://president.gov.by/ru/news_ru/view/doklad-o-perspektivax-razvitija-natsionalnoj-sistemy-obrazovanija-20404/.

IT education in universities. Round-table conferences were held, and a cooperation program was announced to combine efforts of the business community and government agencies for training personnel for IT companies.

With a view to comprehensively address IT education, the Council of Ministers of Belarus appointed a standing inter-agency ad hoc group headed by the first deputy minister of education (resolution of March 31, 2010), but the results were discouraging.

Similar attempts were made more than once later, but the interests of employers and education officials continued to diverge. The IT industry did not trigger changes in the higher education system.

The only thing the rectors and employers agreed on was that the legislation in force did not contribute to modernization of education. While the universities were determined to obediently wait for a new version of the Education Code, IT companies tried to obtain at least partial legal immunity for the implementation of the local corporate university project.

On October 14, Alexander Lukashenko held a meeting, after which then-Deputy Prime Minister Alexander Turchin announced the establishment of an IT university before the beginning of the new academic year.⁹ The legal status of this university is yet to be clarified, but it is already clear that it will be uneasy for its founders (IT companies, Belarusian State University and Belarusian State University of Informatics and Radioelectronics) to align their interests. The administrations of these universities do not conceal their negative attitude to the new establishment, believing that they would provide better education to the future IT personnel than a corporate university.

⁹ «В Беларуси приняли решение о создании IT-вуза.» БелТА, 14 Oct. 2019, <https://www.belta.by/society/view/v-belarusi-prinjali-reshenie-o-sozdanii-it-vuza-365641-2019/>.

The history of previous attempts to set up an advanced university in Belarus gives reason to doubt that this can be done now. For instance, there was a plan to open an international university “like Cambridge or Harvard” in 2010. The prime minister formed a task group to work on the project that, sabotaged by the Ministry of Education, died quietly after a while. The new IT university has enough opponents in the formal education system, and the president’s support cannot guarantee success. The failure to establish a Belarusian language university can be mentioned as an example.

Conclusion

The apparent and comprehensive deformation of state education policy manifested itself in 2019 as vividly as never before. The demonstrative neglect of the availability of quality education cannot be disputed after the PISA results were published.

Social obligations of the state are no longer included in the policy documents of the Ministry of Education, although the leader of the pro-president Communist Party of Belarus has been heading the ministry for three years now. On the other hand, the populist rhetoric of the highest political leadership, which, by law, is responsible for the content of state education policy, does not whatsoever influence the antisocial strategy of the Ministry of Education, which is strange.

The ministry, rectors and other education officials explain themselves, saying that there is no progress in legislative reform; employers are reluctant to contribute to financing education, etc. And yet they are suspicious when it comes to alternative strategies aimed at improving the quality of general and professional training.

It is unclear whether the World Bank will be able to railroad education reforms in Belarus in exchange for a quarter-billion

loan. So far, the education system has managed to avoid pivotal changes, minimizing obligations and delaying their fulfilment. It is quite possible that the next stage of modernization of the state education system will be futile. The IT sector's attempt to make a difference failed, and now, there is only hope for international stakeholders and efforts of the business community to work out an informal alternative to vocational education.

SCIENCE AND INNOVATION: MODERNIZATION INSTEAD OF INNOVATION?

Andrey Lavrukhin

Summary

The relative improvement of the position of Belarus in the *Global Innovation Index 2019* gives grounds for cautious optimism. However, the problem of underfunding of science and innovation is maintained. The self-isolation of the Belarusian scientific community from the global flow of scientific publications is getting worse, and the “invisibility” of Belarusian scientists’ publications on economic, social and humanitarian sciences remains. Attempts to mask the shocking reality of scientific and innovative development of Belarus with dubious and irrelevant gross indicators of socio-economic modernization only worsen the situation. When the mobilization model is exhausted, manipulations with statistical data become the dominant strategy for creating the appearance of innovative development of the country.

Trends:

- A slight increase in funding for research and development against the background of catastrophic underfunding of science from the state budget;
- Marginalization of Belarusian scientists in global databases in a number of scientific fields;
- Increasing self-isolation of the Belarusian scientific community from the global flow of scientific publications;
- Improving the country’s image in the global science and innovation market thanks to an increase in the ranking positions in the *Global Innovation Index 2019*;
- Manipulation of statistical data as the main tool for creating the appearance of innovative development of the country.

State funding for science:
4 times lower than the dangerously low level

According to official data, as of the beginning of 2019, expenditures on research and development in relation to GDP increased by 0.3% compared to the beginning of 2018 and reached the value of 0.61%. This consolidated the positive changes in the negative trend of recent years, but still it is far from the standards of developed countries (2% or higher) and below the domestic indicators of previous years.¹

Against this background a much faster pace continues to reduce the share of governmental spending, which, as before, is not compensated by funding from other sources (own funds, resources from non-budgetary funds, foreign investors, other organizations, etc.). Moreover, according to the Chairman of the State Committee for Science and Technology A. Shumilin, in 2019, in comparison with 2018, “the reduction of the share of budget funding is provided in programs by 0.8 percentage points”.²

Taking into account that, as of the beginning of 2019, the share of public sector spending on R&D was 0.19% of GDP, this “ensuring reduction” sets a frightening anti-record in the history of state funding of science in Belarus. For comparison, according to the European innovation report 2019, the share of governmental spending on research and development at 0.68% (to GDP) by the end of 2018 caused great concern of all international experts, since this “poses a threat to the financing of

¹ «Беларусь – Расходы на НИОКР, в % к ВВП.» *Кноема*, <https://knoema.ru/atlas/Беларусь/topics/Исследования-и-разработки/Затраты-на-НИОКР/Расходы-на-НИОКР-в-percent-к-ВВП>.

² «В ГКНТ подвели итоги работы в 2019 году и рассмотрели задачи на 2020 год.» *Государственный комитет по науке и технологиям*, 19 Feb. 2020, http://www.gknt.gov.by/news/2020/v_gknt_podveli_itogi_raboty_v_2019_godu_i_rassmotreli_zadachi_na_2020_god/.

basic research and the stability of research institutions” in EU countries³. In Belarus, this indicator is 4 times lower.

If we take into account the structure of internal current expenditures on research and development (by type of work and areas of science, in % of total expenditures), the most distressed are the Humanities (1.1%), socio-economic and social (3.7%), medical (4.3%) and agricultural (4.7%) sciences.⁴

Publication activity: isolation of economists,
veterinarians and social
humanitarians

The problem with the publication activity of Belarusian scientists and the presence of scientific institutions in international databases, especially the largest and most famous ones – *Scopus* and *Web of Science*, is still relevant.

Out of 52 Belarusian universities, only 22 and 26 organizations have their profiles on these resources respectively. Subscription to *Scopus* is available to seven leading universities and two research libraries of Belarus – the Belarusian State University, the Belarusian National Technical University, Hrodna State University, Belarusian State Medical University, Hrodna State Medical University, Homiel State Medical University, Viciebsk State Medical University, the Central Scientific Library of the NAS, and the Belarusian Agricultural Library. Only five institutions are subscribed to *Web of Science*. At the same time, two-thirds of publications are made by employees of two institutions:

³ “European innovation scoreboard 2019.” *European Commission*, https://ec.europa.eu/growth/industry/policy/innovation/scoreboards_en.

⁴ О научной и инновационной деятельности в Республике Беларусь в 2018 году. *Статистический сборник*. Минск: Национальный статистический комитет Республики Беларусь, 2019, p. 27.

the Belarusian State University (35% of the total number of publications of Belarusian scientists in the *Scopus* database)⁵ and the National Academy of Sciences (34%).

Such low involvement in the global exchange of scientific publications indicates the systemic and infrastructural nature of the problem. In this regard, the share of journals included in the list of the Higher Attestation Commission (HAC) of Belarus that are simultaneously included in the *Scopus* database is indicative – 2%, or 6 journals out of 306. In Russia, for example, the same indicator was 24% (551 journals), in Ukraine – 4% (73 journals).⁶ The numbers are modest and require action.

An egregious situation developed with publications on economic sciences: out of 54 economic journals of the HAC not a single one is included in *Scopus* (not to mention *Web of Science*). In the region, the share of Belarus in economic publications decreased from 0.4% in 2001 to 0.2% in 2016. For comparison, the share of Lithuania increased from 0.8% in 1996 to 4.0% in 2016. According to the *SJR Portal*, in 1996–2016 Belarusian economic scientists published 44 scientific articles in *Scopus* journals, or 5 articles annually per 1 million inhabitants. This is the worst indicator in the region, the best one is in Lithuania: 1347 articles, or 476 articles annually per 1 million inhabitants, which is almost 100 times more than in Belarus.⁷

⁵ «Учёные БГУ лидируют в Беларуси по количеству размещённых статей в базе данных *Scopus* и являются наиболее цитируемыми в нашей стране.» *Белорусский государственный университет*, 10 June 1999, <https://bsu.by/news/1017873-d/>.

⁶ «Дискуссионная площадка на ММКВЯ-2019: современное состояние научной периодики Беларуси.» 12 Feb. 2019, <http://delsar.by/discussion-area-on-mibf-2019-current-state-of-the-scientific-periodicals-of-belarus/>.

⁷ «Белорусская наука сдаёт позиции в мире.» *Ekonomika.by*, <https://thinktanks.by/publication/2017/08/18/beloruskaya-nauka-sdaet-pozitsii-v-mire.html>.

As of the end of 2018 – beginning of 2019, the country's Hirsch index for publications of scientists-economists of Belarus was 9 points: it is the 21st place among 24 countries of Eastern Europe (for comparison: the Russian Federation takes the 1st place, Ukraine – the 4th, Lithuania – the 9th, Georgia – the 18th, Azerbaijan – the 20th place) and the 113th place in all 218 countries in the world.

Out of all scientific fields presented on *SJR Portal* resource, the situation with publications of Belarusian scientists is worse only in veterinary medicine, where the Hirsch-index is 15 points (the 19th place in the region and the 134th in the world). The series of the Belarusian scientists invisible for the rest of the world is completed by representatives of the social sciences with the Hirsch index of 20 points (the 20th place in the region and the 110th place in the world), Arts and Humanities with the index of 20 (the 20th place in the region, the 98th in the world), psychology with the index of 14 (the 17th and the 94th places, respectively) and agronomic and biological sciences with the index of 51 (the 15th and the 99th places, respectively).

The leading positions, as before, are taken by representatives of physics and astronomy with Hirsch index of 130 points (the 9th and the 47th places, respectively). In other areas of science, Belarus looks “average”: chemistry – 92 points (the 12th and the 54th places), mathematics – 57 (the 12th and the 58th), computer science – 43 (the 14th and the 63rd), biochemistry, genetics and molecular biology – 87 (the 14th and the 66th), neuroscience – 21 (the 16th and the 83rd), pharmacology, toxicology and pharmacy – 39 (the 14th and the 84th), medicine – 100 points (the 16th and the 92nd places, respectively).⁸

⁸ “SCImago Institutions Rankings.” *SJR*, <https://www.scimagojr.com/country-rank.php?area=3400>.

Innovative development of Belarus in the context of the GII-2019 and EIS-2019 indicators

In the Global Innovation Index 2019 (GII 2019), Belarus has significantly improved its position, rising from the 88th place in 2017 to the 72nd place in 2019. This is the best indicator for the last four years, although it is lower than the record 53rd place in 2015 in the entire history of Belarus' ranking in the GII (since 2012; see Table 1).

Table 1. Global Innovation Index Data

	2019	2018	2017	2015	2012
Global innovation index					
Index value*	32.07	29.35	30.00	38.50	32.90
Place in the world	72	86	88	53	78
Input rank	50	60	63	55	80
<i>Institutions</i>					
Index value	57.7	55.5	54.1	53.2	41.5
Place in the world	83	81	81	94	109
<i>Human capital & research</i>					
Index value	41.6	41.9	41.9	43.0	42.7
Place in the world	39	34	36	32	45
<i>Infrastructure</i>					
Index value	48.2	42.2	46.1	42.0	34.5
Place in the world	60	73	67	60	66
<i>Market sophistication</i>					
Index value	50.0	42.5	41.9	56.1	36.9
Place in the world	56	91	90	32	75
<i>Business sophistication</i>					
Index value	32.6	33.0	32.2	30.3	33.1
Place in the world	56	53	65	94	105
Output rank	95	110	109	58	75

Knowledge & technology outputs					
Index value	25.5	21.7	21.7	37.1	34.5
Place in the world	51	65	61	32	44
Creative outputs					
Index value	10.8	9.7	11.7	26.0	21.8
Place in the world	126	122	123	94	117

Note: * Index values range from 0 (minimum) to 100 (maximum).

Source: *The Global Innovation Index 2012, 2015, 2017, 2018, 2019.*⁹

For the first time in many years, the growth in the rating was primarily due to a significant improvement in indicators for the parameter traditionally weak for Belarus, viz. “exit indicators” (“results of using knowledge and technology” and “creative results”), which measures the effectiveness of implementing the country’s innovative potential. Belarus moved up in this parameter from the 110th to the 95th place. Data on the indicator “results of using knowledge and technology” played a crucial role in the improvement: an increase of 14 points compared to 2018 (from the 65th to the 51st place). However, as one can see from the table, the data for this parameter does not reach 2015 (the 32nd place) and even 2012 (the 44th place).

The value of the Belarus index (32.07) is lower than the median (33.86) for all countries.¹⁰ It is significant that the “creative results” indicator significantly worsened and has actually reached the ‘bottom’: the 126th place out of 130 possible.

A more detailed analysis of the improvement parameters gives grounds only for cautious optimism: at the level of sub-indicators, positive statistics were provided by data on the

⁹ The Global Innovation Index 2012, 2015, 2017, 2018, 2019, see: <https://www.globalinnovationindex.org>.

¹⁰ Here and further see: “Global Innovation Index 2019.” *World Intellectual Property Organization*, <https://www.wipo.int/publications/en/details.jsp?id=4434>.

parameter “influence of knowledge” (an increase by 48 points) and “diffusion of knowledge” (an increase by 18 points). The lion’s share of growth within the two sub-indicators mentioned above was made up of data on the parameter “GDP growth by PPP per employee” (an increase by 60 points) and the parameter “ISO 9001 quality certification, USD billion GDP by PPP” (an increase by 96 points). For the rest of the parameters, the situation has changed insignificantly for the better, and for most of the most important parameters, it has even worsened.

Experts of the European Innovation Scoreboard 2019 (EIS 2019) note as a positive point the increase in the number of indicators (from 15 in 2018 to 18 in 2019) for which Belarus provides data, which is nevertheless lower than the minimum threshold of 20 indicators adopted in the European Union. However, data on the available 18 indicators allow experts to suggest that Belarus could enter the top league of the group of countries called “modest innovators”.¹¹

International experts note that the data of the GII and EIS are not, of course, “the last resort”: both the methodological approaches of the GII and EIS as a whole¹², and the position of individual countries in the ranking are criticized. However, despite the inherent disadvantages of all rating approaches, they serve as an important benchmarking mechanism that allows identifying the dynamics of the weak and strong sides of national innovation systems and promoting the dissemination of best practices in the country.

¹¹ *European innovation scoreboard 2019*. Luxembourg: Publications Office of the European Union, 2019, p. 28.

¹² Edquist C. et al. “On the meaning of innovation performance: Is the synthetic indicator of the Innovation Union Scoreboard flawed?” *Research Evaluation*, 2018, pp. 1-16.

Innovative development in the context of meeting the SPID targets 2016–2020

According to the State Committee for Science and Technologies (SCST)¹³, a summary of the targets of innovation development identified in the State program of innovative development of the 2016–2020 (SPID), at the end of 2019 exceeded in the following indicators: “the share of exports of high-tech products in total exports” (more than 35% at task of 32.5%), “creating high-performance workplaces” (by 826 items more than planned), “the volume of production by residents of technoparks” (BYN 148 million at the plan of 58.9 million), “export of services in the field of payment for the use of intellectual property” (the growth rate to the level of 2018 should be 152%), “the number of agreements on the transfer of rights to industrial property” (by 13% more than in 2018), “the growth rate of registered franchising agreements” (more than 117% by 2018).

Launching of *eleven* SPID projects was completed. Within the framework of scientific and technical programs, 580 R&D tasks were performed. The largest number of tasks is in the programs of the Ministry of Health (232 tasks), the Academy of Sciences (145 tasks), the Ministry of Industry (83 tasks) and the Ministry of Education (42 tasks).

In general, the SCST 2019 report reflects the quantitative (gross) indicators of economic modernization and socio-economic development rather than the qualitative level of science and innovation development.

¹³ «В ГКНТ подвели итоги работы в 2019 году и рассмотрели задачи на 2020 год.» Государственный комитет по науке и технологиям Республики Беларусь, 19 Feb. 2019, http://www.gknt.gov.by/news/2020/v_gknt_podveli_itogi_raboty_v_2019_godu_i_rassmotreli_zadachi_na_2020_god/.

The increasing uncertainty of the achieved results was the result of the fact that the most important integrative indicator “knowledge intensity of GDP”, which was adopted as the basis for the analysis of innovative development in the EU and the world, ‘disappeared’ from the SPID 2016–2020. Experts believe that the disappearance is due to a catastrophic discrepancy between the plans and reality of innovative development in Belarus. It was assumed that the “knowledge intensity of GDP” should reach at least 2.5% by 2020, but in fact in recent years this indicator has not risen above 0.5%¹⁴. In this connection, instead of the integrative indicator “knowledge intensity of GDP”, a new indicator of economic modernization was introduced – “the number of jobs created (modernized)”.

Conclusion

In the absence of the integrative indicator “knowledge intensity of GDP”, removed from the SPID 2016–2020, it is becoming increasingly difficult to objectively assess the quality and scale of the country’s innovative development. The new indicator of economic modernization – “the number of jobs created (modernized)” – is less defined, is not relevant to international standards, and reflects more the gross indicators of the country’s socio-economic modernization than innovative development. This circumstance makes it difficult to diagnose the actual state of affairs in the field of science.

Underfunding of science from the state budget of Belarus is 4 times higher than the lowest indicators of the EU countries.

¹⁴ Богдан, Н. И. «Национальная инновационная система Беларуси в системе европейских индикаторов инноваций.» *Белорусский экономический журнал*, 2019, № 3, pp. 4–17.

As the crisis-induced distortions in the economy increase, this trend will continue.

The relative improvement of Belarus' position in the international GII 2019 rating allows hoping for attracting foreign capital to the innovation system of Belarus, although it hardly would be of a significant amount.

RELIGIOUS AFFAIRS: PERIOD OF UNFULFILLED HOPES AND EXPECTATIONS

Alexander Shramko

Summary

In 2019, religious affairs in Belarus were influenced by the tension between local Orthodox Churches after some of them recognized the autocephaly of the Orthodox Church of Ukraine (OCU). The approaching elections and negotiations with Russia on deeper integration also had their effects. In this situation, the Belarusian Orthodox Church (BOC) may gain its independence from the Russian Orthodox Church (ROC) and ensure a favorable climate for other denominations, or pro-Moscow sentiments may prevail, and the ROC will continue dominating religious life in Belarus.

Trends:

- The central authorities are losing interest in religious affairs, among other things, as a source of political support;
- New parishes of all denominations face registration problems;
- Interchurch cooperation remains incidental and informal;
- Churches fail to find common ground when it comes to iconic historical figures, such as Kastus Kalinowski;
- The possible autocephaly of the Belarusian Orthodox Church arouses little interest in society.

Churches and the state

The Belarusian government continues to differentiate its approach to various religious denominations, as evidenced by the introduction to the law 'On the Freedom of Conscience

and Religious Organizations’¹, which ranks the historical and cultural significance of the five ‘traditional’ denominations downwards from Orthodoxy to Catholicism and further to the Evangelical Lutheran Church, Judaism and Islam, while Belarus currently numbers 26 religious denominations, and all of them are guaranteed equality before law by the mentioned introduction and the Constitution of the Republic of Belarus.

In fact, the rather rigid religious legislation of Belarus is indulgent to the Belarusian Orthodox Church of the Moscow Patriarchate, and is captious to the Catholic Church, not to mention the Protestants and other denominations. Besides, the application of the law can vary significantly in each individual case, depending on the current preferences and tactics of the government. At his meeting with the clergy of the Minsk Diocese of the BOC in December 2018, Belarus’ Commissioner for Religious and Ethnic Affairs Leonid Gulyako explicitly stated this subjective approach as a matter of course.

As for the formal changes in the legislation, the criminal prosecution for unsanctioned religious activity was replaced by administrative liability (new section 23.88 of the Code of Administrative Offenses). Human rights and religious organizations showed a mixed response to this novelty. According to ‘Forum 18’ human rights portal², the UN Special Rapporteur of Human Rights Situation in Belarus welcomed the abolition of prosecution for activities on behalf of unregistered religious organizations, yet voiced concern that the liability for such activities was not completely abolished. Many believe that the simplicity of the procedures can lead to an increased frequency of administrative sanctions to compare with relatively few criminal proceedings.

¹ «Закон Республики Беларусь “О свободе совести и религиозных организациях”.» “За свабоднае веравызнанне”, <https://forb.by/node/78>.

² “Belarus: New possible fines for unapproved worship.” *Olga Glace, Forum 18*, 12 Sept. 2019, http://www.forum18.org/archive.php?article_id=2507.

However, the year 2019 dispelled this fear, as religious organizations felt pressure in other traditional areas: first, ungrounded denials of registration of new parishes and, second, denials of work permits for foreign clergy, which is prescribed by Belarusian law.

Problems with the registration of new parishes are even faced by the major denominations, the Belarusian Orthodox Church among them. Protestant communities, especially those whose growth the authorities are trying to artificially restrain, experience the greatest difficulties in this respect. This, among others, concerns the Christians of Evangelical Faith (Pentecostals). The number of their communities is deliberately not indicated in statistical reports³, since it exceeds even the number of parishes of the Catholic Church, the second largest traditional denomination in the country.⁴ ‘Forum 18’ reports, for example, that in July 2019, the Frunzenski District Executive Committee of Minsk dismissed the application for registration of the Pentecostal Thy Will Be Done Church for the ninth time.⁵ The application for registration of Jehovah’s Witnesses community in Borisov, Minsk Region, was dismissed sixteen times in 20 years.

The denials of work permits for foreign clergy strongly hit the Catholic Church, since Belarusian Catholic priests are too few. Commissioner for Religious and Ethnic Affairs Leonid Gulyako once again turned down the request to allow Vitebsk

³ «Информация о конфессиональной ситуации в Республике Беларусь.» Уполномоченный по делам религий и национальностей, <https://belarus21.by/Articles/1439296790>.

⁴ «Христиане веры Евангельской.» Церковный бюллетень, февраль 2020, «Церковь Благодать», <https://grace.by/news/byulleten/tserkovnyi-byulleten-fevral-2020/>.

⁵ “Belarus: New possible fines for unapproved worship.” Olga Glace, *Forum 18*, 12 Sept. 2019, http://www.forum18.org/archive.php?article_id=2507.

priest Pawel Knurek to return to the parish, in which he had served for 15 years.⁶

The authorities give up now and then under pressure of believers. The administration of Soligorsk, Minsk Region, first forbade and later allowed Father Sobieslaw Tomal to return to work after previous 20 years of service.⁷ The permit was extended for six months.

On the whole, the Belarusian authorities show their significantly declined interest in religious affairs, possibly, due to the situation with the tomos of autocephaly for the Ukrainian Orthodox Church.⁸ Many expected that Constantinople's claim for control over the territory of the former Kiev Metropolitanate, which included the lands of present-day Belarus, would stir up the interest of the Belarusian leadership, or even result in gaining independence by the Belarusian Orthodox Church.

It is no secret that former President of Ukraine Petro Poroshenko pursued his own political and re-election agenda when striving for the autocephaly of the Orthodox Church of Ukraine, but his hopes were shuttered anyway. Apparently, the fall of P. Poroshenko in Ukraine, which is more religious than Belarus, turned the Belarusian leadership rather skeptical about the possible political gains it could make with the Church's support.

There is an interesting observation that should be taken into consideration. In previous years, Commissioner for Religious and Ethnic Affairs Leonid Gulyako and senior city officials of the line departments attended, without fail, all annual meetings of the Minsk Diocese of the BOC, but only one low rank officer

⁶ "Belarus: Officials bar priest's return, church's registration." *Olga Glace, Forum* 18, 11 Mar. 2019, http://www.forum18.org/archive.php?article_id=2461.

⁷ *Ibid.*

⁸ Подробнее см. «Филарет отказался признать томос об автокефалии "новой церкви" Украины.» *РИА Новости*, 11 June 2019, <https://ria.ru/20190611/1555481405.html>.

of the Commissioner's Office was present at the most recent meeting on December 12, 2019.⁹

The central authorities display even greater and undisguised alienation in relation to the Catholic Church. There has been some surge in interest towards the Catholic Church over the past decade of the international isolation of the Belarusian political establishment. The government was entertaining the idea of the Pope's visit to Belarus and a concordat, the highest Church-state agreement at the international level. However, judging by what Metropolitan Tadeusz Kondrusiewicz told reporters at the Christmas meeting, there is little hope of progress in both areas. The authorities evade such topics, or even bluntly state that "there is no political will for that now."¹⁰

Things are going from bad to worse at the level of local Catholic communities. The state does not provide any assistance in the revival of sacraments of national cultural and historical significance, and even makes attempts to impose extra taxes on parishes or confiscate buildings once granted to churches, such as the Mogilev Cathedral.

The tension between the state and the Church peaked when crosses were dismantled in Kurapaty. Metropolitan Tadeusz Kondrusiewicz released a statement, calling on the authorities to solve problems not through blasphemous violence, but in a constructive dialogue with society and religious organizations.¹¹

⁹ «Патриарший Экзарх всея Беларуси возглавил общее собрание Минской епархии.» *Официальный портал Белорусской православной церкви*, 12 Dec. 2019, <http://www.church.by/news/patriarshij-ekzarh-vseja-belarusi-vozglavil-obshee-sobranie-minskoj-eparhii>.

¹⁰ Шрамко, Александр. «Осторожный пессимизм: итоги католического года.» *Reformation*, Jan. 2020, <https://reform.by/ostorozhnyj-pessimizm-itogi-katolicheskogo-goda>.

¹¹ "Не зносьце крыжоў! Зварот арцыбіскупа Тадэвуша Кандрусевіча ў сувязі з новым зносам крыжоў у Курапатах." *Catholic.by*, 13 Apr. 2019, <https://catholic.by/3/news/belarus/9673-ne-znostse-kryzho-zvarot>.

The BOC leadership kept silent, but some renowned priests, including in the Church administration, seconded the protests against the government's actions, which they considered blasphemous.

Interchurch relations

No changes happened in relations between denominations. Apart from the annual Week of Prayer for Christian Unity¹², no cooperation was observed at the official level, although there were some displays of spontaneous solidarity. The inputs were unequal even during the Week. Two events stood out in 2019: the above-mentioned protests against the demolition of crosses in Kurapaty and the collection of signatures against LGBT propaganda.¹³ In the Catholic Church, both were initiated by the Episcopate, while the Orthodox Church came out with purely individual initiatives. Speaking about the collection of signatures, Spokesman for the BOC Archpriest Sergiy Lepin expressly said that the collection of signatures was a private initiative of the St. Elisabeth Monastery, rather than the official position of the leadership of the Belarusian Orthodox Church.¹⁴

artsybiskupa-tadevusha-kandrusevicha-suvyazi-z-novym-znosam-kryzho-u-kurapatakh.

¹² “Супольнае набажэнства з удзелам прадстаўнікоў розных веравызнанняў прайшло ў Мінску.” *Catholic.by*, 26 Jan. 2019, <https://catholic.by/3/news/belarus/9312-supolnae-nabazhenstva-z-udzelam-pradsta-nikoro-znykh-veravyznannya-prajshlo-minsku>.

¹³ “Хрысціяне сабралі 55 тысяч подпісаў супраць ЛГБТ-прапаганды.” *Радыё Рацыя*, <https://www.racyja.com/hramadstva/khrystsiyane-sabrali-55-ty-syach-podpisau-sup/>.

¹⁴ «“Терпимость – тоже пропаганда”. В церковных лавках собирают подписи против демонстрации гомосексуализма.» *Tut.by*, 26 Nov. 2019, <https://news.tut.by/society/662824.html>.

The debates regarding the personality of Wincenty Konstanty (Kastus) Kalinowski are a good illustration of the alienation between the Churches (Kalinowski was reburied in November 2019 in Vilnius together with the remains of other participants in the 1863-1864 uprising). The dispute between Archpriest Sergiy Lepin and historian Vasily Gerasimchik¹⁵ became high-profile evidence of religious and cultural differentiation of society, rather than a political affiliation factor, since both sides strongly advocate independence of Belarus. Celebration of some iconic historical figures, such as Kalinowski, could unite the Belarusian nation, but the alienation between the Churches can be an insurmountable obstacle to this.

Autocephaly outlook

The granting of the tomos of autocephaly to the Ukrainian Orthodox Church encouraged many believers in Belarus. However, the later events in Ukraine showed that the transition of the Episcopate, clergy and laity from the Orthodox Church of Ukraine of the Moscow Patriarchate to the autocephalous Church was not as avalanche-like as expected. Unlike Ukrainians, Belarusians show less autocephalous sentiment in the Church environment and the movement alternative to the official Church, which promotes the autocephaly, is hardly seen in Belarus.¹⁶

Nevertheless, in 2019, supporters of the autocephaly of the Belarusian Orthodox Church managed to organize the conference (unprecedentedly large for Belarus) titled “Belarusian

¹⁵ «Объединит ли беларусов Калиновский?» Портал Царква, <https://churchby.info/rus/themes/kalinouski>.

¹⁶ The Belarusian Autocephalous Orthodox Church is the only real autocephalous movement in Belarus. Its bishop and most of the clergy are working abroad, and there are only two priests and one deacon in Belarus.

Intelligentsia in Support of the Belarusian Autocephalous Orthodox Church.” It was held in Chernihiv, Ukraine, for organizational and political reasons. Attending the event were clergy and laity of the unregistered Belarusian Autocephalous Orthodox Church and many opposition politicians. They discussed the possibility of obtaining the autocephaly and released a statement, demanding registration of the Belarusian Autocephalous Orthodox Church.¹⁷

Conclusion

The Belarusian Orthodox Church’s autocephaly and resolution of other issues in the church-state relationship will largely depend on state policies and public sentiment. It may turn either to the cession of sovereignty and absorption by Russia or upholding of sovereignty and independent development of the country and the Churches.

¹⁷ «Интеллигенция требуют регистрации Белорусской автокефальной православной церкви.» *Naviny.by*. 19 Aug. 2019, <https://naviny.by/new/20190819/1566190447-intelligenciya-trebuyut-registracii-belorusskoy-avtokefalnoy-pravoslavnoy>.

HEALTH CARE: PATCHING UP OLD PROBLEMS WITH OLD METHODS

Andrei Vitushka

Summary

In 2019, the priorities for the development of the health system were still to increase the availability and quality of medical care, and this process was slow. The rhetoric about countering bribery and optimizing the healthcare procurement system unfolded against the backdrop of a high-profile corruption case involving sector executives.

A proven way to provide healthcare personnel was re-employed, increasing enrollment in the medical universities. A salary increase remained out of reach.

The sector changed its Minister, but the change of personalities to less odious and more qualified ones is not the only prerequisite for transformations in the system. The Ministry of Health once again became one of the most closed departments for society, and a few attempts of the sector's new leadership to communicate more actively with the population were quickly curtailed.

Trends:

- The creation of inter-district centers of high-tech assistance was announced to bring it closer to the population;
- The previous work on the transfer of district therapists of polyclinics to work on the principle of general practitioners continued;
- Despite the new leadership structure of the Ministry, the old problems of the sector continue to be solved with the same old methods.

Demographics

As in 2018, in 2019 the birth rate continued to decline – from 9.9 to 9.3 per 1000 population¹. The impact on the situation from the perspective of health was realized through a mandatory pre-abortion counseling (the purpose of which is to prevent termination of pregnancy), as well as work on the preparation of proposals for the allocation of state support for in vitro fertilization, which, according to former Health Minister Valery Malashka, can “provide” a thousand additional births per year. As a result, the decision on budget financing was made in 2020.²

The overall mortality rate increased slightly – from 12.7 to 12.8 deaths per 1000 population (an increase of 0.1 per year has continued since 2017). There is still an incomparable difference between the death rate and birth rate in the capital (8.9 vs. 7.9 per 1000 population) and in the regions (the leaders are Viciebsk region with figures of 15.1 vs 9.3 and Mahilioŭ region – 14.0 vs. 9.4 per 1000 population). The smallest difference between the birth rate and death rate among the regions of Belarus is in Brest region – 13.1 against 10.9 per 1000 population. Population losses continue to increase – 32.9 thousand against 26 thousand in 2018.³

Last year, infant mortality updated the historical minimum of 2.4 per 1,000 live births (decreased from 2.5 in 2018). This is still significantly less than in the EU as a whole (3.5 per 1000 live

¹ «Естественное движение населения.» Национальный статистический комитет Республики Беларусь, <http://www.belstat.gov.by/ofitsialnaya-statistika/solialnaya-sfera/naselenie-i-migratsiya/estestvennoe-dvizhenie-naseleniya/>.

² «Бесплатное ЭКО. Только для молодых и замужних.» Naviny.by, 19 May 2020, <https://naviny.by/article/20200519/1589894633-besplatnoe-eko-tolko-dlya-molodyh-i-zamuzhnih>.

³ «Население.» Национальный статистический комитет Республики Беларусь, <https://www.belstat.gov.by/ofitsialnaya-statistika/solialnaya-sfera/naselenie-i-migratsiya/naselenie/>.

births in 2018), and is comparable to the indicators of the Scandinavian countries – generally recognized leaders in maternal and child health.⁴

Also, maternal mortality was at a minimum level – 1.1 per 100,000 population. For the entire year, only one case of death of a woman due to reasons related to childbirth was registered. This is certainly the best indicator in Europe, which indicates the quality of medical care for pregnant women in Belarus. Paradoxically, this does not affect the level of satisfaction of Belarusian women with the conditions for childbirth in hospitals in the country. According to the public initiative “Radziny” cases of ignoring the rights of expecting mothers from the medical staff is a rule rather than an exception⁵. It should be noted that minimizing the chances of death for pregnant women is not only an achievement of Belarusian medicine. In Latvia, for example, only two cases of obstetric-related pregnancy deaths were registered in 2018.

Non-communicable diseases (heart and vascular diseases, cancer, diabetes and chronic respiratory diseases) still account for 89% of all deaths in Belarus, which exceeds the global mortality rate from these causes (71%). The probability of premature death (under 70 years of age) from these pathologies for a citizen of Belarus is 28.6%.⁶

⁴ «В 2019 году был самый низкий показатель младенческой смертности в истории Беларуси.» Tut.by, 25 Feb. 2020, <https://news.tut.by/society/673928.html>.

⁵ «Акушерка рассмеялась мне в лицо, когда я показала ей план родов.» Naviny.by, 02 Dec. 2019, <https://naviny.by/article/20191209/1575906969-akusherka-rassmeyalas-mne-v-lico-kogda-ya-pokazala-ey-plan-rodov>.

⁶ 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>.

Data on the life expectancy of the population of Belarus in 2019 at the time of writing the review was not yet available. In 2017, it was 74.4 years, in 2018 – 74.5 years, the plan in the country’s budget was designated as 75 years⁷, and the socio-economic development Program has 75.3 years until the end of 2021. Meanwhile, the new Health Minister Uladzimir Karanik said that there were plans to increase life expectancy in Belarus to 80 years (as in Germany in 2016), but did not specify how long this might take.

High technologies are closer to people,
and quality is under control

The creation of inter-district centers for high-tech assistance is a progressive step aimed primarily at the practical implementation of the modern “golden hour” principle, which means in 60 minutes after an emergency (regardless of whether it is an injury or a heart attack or a stroke), the patient is delivered to a medical institution, and he/she is provided with up-to-date assistance and in full.

It is planned to create such centers on the basis of existing hospitals and provide assistance to the nearest population there, even if the patient lives on the territory of a neighboring district. For this purpose, “road maps” of assistance to the rural population on where what type of pathology would be treated were developed. For 2020, it is announced that medical institutions will be accredited for their ability to provide a particular type of care at the appropriate level.⁸ It is also planned to re-equip hospitals for new tasks.

⁷ «Бюджет Республики Беларусь для граждан на 2019 год.» *Министерство финансов Республики Беларусь*, <http://www.minfin.gov.by/upload/bp/budjet/budjet2019.pdf>.

⁸ «Минздрав подвёл итоги работы за год.» *Беларусь сегодня*, 26 Feb. 2020, <https://www.sb.by/articles/o-chem-preduprezhdaet-minzdrav.html>.

Informatization of health care

The state of informatization of the sector, which, according to Deputy Prime Minister Ihar Petryshenka, is designed to improve the level and quality of medical care, is evidenced by the situation with its simplest component – the “electronic prescription” system, which was used by more than 10 million patients last year. Given that the system has been in use for several years and there are about 13 visits to a polyclinic per year per every citizen of Belarus, this is a fairly modest figure.

The same applies to telemedicine consultations: 255 health-care organizations are connected to this system, and over the past year about 30 thousand consultations⁹ were held – on average about 10 per medical institution per month, which also eloquently illustrates the demand for this method of professional communication among doctors in Belarus. There are several reasons for this situation: the technical imperfection of the system and the unregulated legal status of these consultations, but most importantly, doctors do not need them.

As for such an important component of the e-health system as the Central software platform, where medical information about citizens of Belarus will be stored and exchanged, it was planned to find a developer for it in the first half of 2019. The results of these aspirations have not yet been reported.

Primary medical care

The process of improving primary health care by transferring district therapists to work on the principle of a doctor of general

⁹ «Более 10 млн электронных рецептов выписано в Беларуси в 2019 году.» БелТА, 25 Feb. 2020, <https://www.belta.by/society/view/bolee-10-mln-elektronnyh-retseptov-vypisano-v-belarusi-v-2019-godu-380911-2020/>.

practice, working at the head of the team “doctor – assistant – nurse”, in 2019 was as follows. At the beginning of the year, the number of general practitioners was 60.8% of all district therapists and increased to 74.0% at the end of the year.¹⁰ It was planned that by the end of 2020, all therapists should be transferred to a new form of work, but it is unlikely to happen, given the pace of 2019 and the COVID-19 epidemic.

Last year, the project “Caring polyclinic” continued, which provided for optimizing the work of the institution with an emphasis on assistance in the office of a general practitioner. The initiative, which is a copy of a similar project in the Russian Federation, started in 2018 on the basis of the 30th Minsk polyclinic and in 2019 expanded to two more polyclinics.

The biggest problem for general practitioners in Belarus is the time of their training (one year after University) and retraining from district therapists (courses last several months). In the countries of the European Union and even the former USSR, the training of such complex specialists takes several years. Also, all over the world, such a doctor is called “family doctor”, because he/she treats the entire family – from small children to the elderly. Our general practitioners do not deal with children, which once again raises the question of the effectiveness of this form of primary care.

According to former Minister Valery Malashka, from 2020, medical universities in the country will increase the number of students in pediatric specialties.¹¹ This means that the introduc-

¹⁰ «Доля врачей общей практики в Беларуси увеличилась до 74%.» БелТА, 01 Nov. 2019, https://www.belta.by/society/view/dolja-vrachej-obschej-praktiki-v-belarusi-velichilas-do-74-367843-2019/?utm_source=belta&utm_medium=news&utm_campaign=accent.

¹¹ «Медвузы увеличат набор педиатров и средних медработников.» БелТА, 19 Apr. 2019, https://www.belta.by/society/view/medvuzy-uvelichat-nabor-pediatrov-i-srednih-medrabortnikov-344612-2019/?utm_source=belta&utm_medium=news&utm_campaign=accent.

tion of the child population into the sphere of responsibility of general practitioners is not planned in the near future.

Talking about raising salary, countering “brain drain”

Since the beginning of 2019, there have been active public discussions about improving the payment system for medical workers, which is provided for by President Lukashenko’s decree No. 27 of January 18 (concerning the payment of employees of budget organizations). It was also stated that wages would increase by 20% in 2020 and *double* by 2025.¹² Increasing the income of doctors by half and bringing the salary of doctors to 150% in the economy is considered by the sector leadership as a serious tool to counter the departure of specialists abroad.

However, the issue of the departure of Belarusian doctors (the announced figures are about 200 specialists a year), as Alexander Lukashenka put it, “worries local officials, but does not stress them out”. In addition to the increase in salaries, the traditional solution is proposed (as it was 10 and 20 years ago) – an appeal to local authorities to provide housing for doctors.

A change in the Minister’s personality doesn’t change much

In June 2019, there was a change of the Minister of Health: Valery Malashka, who had worked in this position for only 2.5 years, was replaced by Uladzimir Karanik. The claims that were put

¹² «Повысят ли зарплаты врачам и учителям.» *Naviny.by*, 27 Aug. 2019, <https://naviny.by/article/20190827/1566932008-prezident-obeshchaet-povysit-zarplatu-vracham-i-uchitelyam-gde-vozmut>.

forward by President Lukashenka to the former Minister were not very specific: “he is a good doctor, seems to have proved himself well in the second roles, but here he somehow did not orient himself.”¹³ There is an opinion that Valery Malashka suffered instead of his predecessor Vasily Zharko, who had headed the Department for ten years and, according to many Belarusian experts, could not but was aware that many things were solved “not quite legally” in the Ministry.

According to the new Minister, modern medicine requires new approaches to management. Examples of a recent solution include a request to citizens to report on the difference in prices for medicines in Belarus and the near abroad via the Ministry’s *Facebook* page, as well as a statement on the possible creation of a permanent online platform where citizens could communicate with the Ministry on the availability and quality of medicines in the country and abroad. At the time of writing the review (10 months after the announced plans), the platform was not created, but even the discussion on *Facebook* seems to have significantly reduced the prices of some medicines and developed a mechanism that can ensure the stability of the range of medicines in pharmacies, even if they are not Belarusian and do not have domestic analogues. Time will show how these solutions will work.

Other initiatives of the new Minister in one way or another repeat solutions of the old Minister and his predecessors – the increased control of the sector, accounting and control of the use of medical equipment, increasing transparency and simplification of procurement procedures in the system, as well as ultra-traditional requirement of strengthening discipline and

¹³ «Лукашенко потребовал обеспечить порядок в системе здравоохранения.» *БелТА*, 11 June 2019, <https://www.belta.by/president/view/lukashenko-potreboval-obespechit-porjadok-v-sisteme-zdravoohraneniya-350637-2019/>.

observance of rules of deontology and medical ethics (for 2019 the number of complaints to the Ministry once again increased by 21%).¹⁴

The case of Malashka – Karanik shows that the change of personalities in the main chair of the health system does not change the essence of the system’s functioning, regardless of who holds this position – a former pediatrician with a long experience of administrative work, or a former resuscitator who passed all the steps of the nomenclature ladder, or a surgeon with many years of practice – “golden hands”, and then an effective manager, chief doctor of a large Minsk hospital – despite the clarity of understanding of the problems which the sector faces and outstanding personal qualities.

Conclusion

Long-term problems of the Belarusian health care system are its underfunding, non-optimal structure, weak involvement in the prevention of risk factors for major diseases, the general low level of education of Belarusian doctors, low motivation for their work, the lack of high-quality public medicine, the closeness of the system, the lack of communication with society and within the system itself.

As before, the health system does little to address these problems. In this sense, Dr. Karanik’s reaction to the goals set by the country’s top leadership for the Ministry of Health – to increase life expectancy and improve the health of the population – is indicative. The new Minister is a specialist-oncologist with a great experience – he knows well about the relationship between risk factors (e.g. smoking) and non-communicable

¹⁴ «Минздрав подвёл итоги работы за год.» *Беларусь сегодня*, 26 Feb. 2020, <https://www.sb.by/articles/o-chem-preduprezhdaet-minzdrav.html>.

diseases (e.g. cancer) which cause about 90% of deaths of Belarusians, and that 40% of human health is due to lifestyle. But during Uladzimir Karanik's time in office, there are no signs of significant activation of preventive work.

The stated increase in funding for the sector by 27% in 2020¹⁵ will be “eaten up” by the epidemic of a new coronavirus infection, which clearly outlined all the advantages and disadvantages of the local health system, and the increase in funding in 2021 is highly questionable due to the economic consequences of COVID-19. And 27% does not significantly solve the problem of bringing Belarusian medicine at least to the average standard in the European Union (about 7.0% of GDP is spent on healthcare there, compared to 4.2% in Belarus).

A few attempts of the new Ministry to communicate with the population, unfortunately, ended quickly: Valery Malashka's initiative to activate the work of the Department in social networks and a greater involvement of doctors in public discussions did not continue. Moreover, in connection with the COVID-19 epidemic, there were cases of pressure on some socially active specialists to prevent them from speaking in the media about the new infection. According to a study by the Belarusian Association of Journalists, the Ministry of Health is still one of the most closed domestic departments to the media.¹⁶

Thus, it is possible to assume that the old problems of the sector will be solved by the same old methods. Accordingly, the results will be the same.

¹⁵ «Бюджет на здравоохранение в Беларуси в 2020 году увеличится на 27%.» БелТА, 29 Aug. 2019, <https://www.belta.by/society/view/bjudzhet-na-zdravoohranenie-v-belarusi-v-2020-godu-uvelichitsjana-27-360147-2019/>.

¹⁶ «Самые закрытые ведомства: ОАЦ, МВД, КГБ и ГУВД Мингорисполкома. Результаты опроса журналистов.» Белорусская ассоциация журналистов, 22 Apr. 2019, <https://baj.by/ru/analytics/samye-zakrytye-vedomstva-oac-mvd-kgb-i-guvd-mingorispolkoma-rezultaty-oprosa-0>.

BELARUSIAN CULTURE: ON THE OTHER SIDE OF THE NATION

Maxim Zhbakov

Summary

In 2019, Belarusian culture was traditionally financed from what had been left over from other areas (0.67% of the 2019 budget¹). The mild Belarusization practices failed to reorient the general vector of administrative-volitional cultural policy. The latter led, on the one hand, to an expansion of mild tactics of creative partisaning (self-actualization within the system) and, on the other hand, to the formation of a sustainable matrix of activities extraneous to the state. The new pragmatics is alien to politics; the state is of little interest; the Belarusian language is irrelevant. The very fact of its strengthening means the end of all national projects of the previous generation.

The political confrontation of the 2000s and aesthetic conflicts of the 2010s were replaced by the era of psychocomfort – the replication of niche products from trusted suppliers. This ensures stability, but does not stimulate growth. Given the openness to external cultural influences and the general fuzziness of the domestic value paradigm, the very existence of a 'national' content is problematic.

Trends:

- Increasing general trivialization of the cultural field expressed in the expanded production of vapid pop products;
- Stimulation of colonial dependence on more active neighbors and consolidation of explicitly derived cultural texts as a result of cultural stagnation;
- Fading out fashion for Belarusian archetypes in the absence of a clear cultural policy and, accordingly, the transformation of a decorative national identity into an outdated fairground attraction.

¹ «Закон “О республиканском бюджете на 2019 год”» Национальный правовой интернет-портал Республики Беларусь, 30 Dec. 2018, http://www.minfin.gov.by/upload/bp/act/zakon_301218_160z.pdf.

Neopop: laming of the shrew

The public celebration of the 100th anniversary of the Belarusian People's Republic (the main cultural event of 2018) predictably turned out to be a one-time victory. A year later, the authorities did everything possible to prevent another patriotic gathering, the more so as this time, the event was organized not by non-partisan culture managers, but the 'old' political opposition.

The progressive format of an easy musical national ecstasy was rejected at the preparation stage in favor of the standard speech-plus-concert format, which caused a nervous reaction at all levels of the country's leadership. The head of state personally participated in the selection of the location. Closing the central sites in Minsk one by one, starting with the Dynamo Stadium and the park in front of the Opera House occupied last year, the city administration drove the holiday out to the patch near the Kiev Park (a less prominent part of Minsk). The cultural event returned to the matrix of a conditionally permitted political micro-show, simultaneously losing the trust of the system and the crowd in shirts with national ornaments on them.

In the absence of the national pop industry, inhibition of cultural dynamics and devaluation of political codes, easily consumable popular product – well-packed canned pop food – turned to be in highest demand.

Fresh blood on our dance floor: Minsk boy Tima Belorusskih has entered the Russian *Forbes*' list of ruble millionaires in 2019.² Slanting bangs, nervous tearjerkers, tattered feelings, stripes of passion, childish pathos through the electronic rustle... Tima is

² «Миллионер в мокрых кроссах: сколько приносят Тиме Белорусских самые привязчивые поп-хиты 2019-го.» *Forbes*, 04 Apr. 2019, <https://www.forbes.ru/biznes/374299-millioner-v-mokryh-krossah-skolko-prinosyat-tima-belorusskih-samye-privyazchivye-pop>.

good for his absolute banality and business acumen. This is not a person, but a project like those of Max Korzh and LSP, who gather full stadiums today. The Minsk residential registration, catchy nickname and *mild Belarusian pronunciation* is all that left from the local binding of the new hero.

'The Silent at Home' post-punk trio play another game. A pensive hybrid of the gothic 'Joy Division' and Victor Tsoi's 'Kino' is hardly noticeable at home, but is in demand in the charts of top European critics, club zones and European festivals, to which Tima Belorusskih would not be invited. The *Hugo Boss* ad soundtrack was the latest breakthrough.³ This is a new all-in-one retro, vintage supersound of the 1980s performed with laboratory precision. The post-totalitarian decadence of 'Europe's black hole', captivating for the European audience particularly because its day before yesterday is Belarus' never changing today.

The past can still be invented. Non-state business responded to the reburial of Kastus Kalinowski in Vilnius with the synchronous release of merchandize with impassioned Kalinowski on it, with sabers and pistols, Captain Jack Sparrow style.⁴ Comandante Kastus has little in common with historical truth, yet he looks good on hoodies.

Independent director, screenwriter and producer Andrei Kureichik and his associates initiated the 'first Belarusian slasher' titled "Ghouls." The film did not meet a single deadline, was released with almost a year delay, and left the viewers perplexed. An attempt to create a local pop product from a college romcom, crime world folklore, swamp mysticism, vampire tales

³ «Музыка белорусской группы звучит в рекламе *Hugo Boss*.» ОНТ, 04 Dec. 2019, <https://ont.by/news/muzyka-belorusskoj-gruppy-zvuchit-v-reklame-hugo-boss>.

⁴ Вашкевіч, Андрэй. "Генерал Каліноўскі перамога ўсіх!" АРСНЕ, 04 Feb. 2020, <https://gazeta.arche.by/article/321.html>.

and low-budget horror stories turned out to be a failure: unarticulated storyline, cardboard characters, spiritless dialogues, botched special effects and a complete lack of understanding of what is happening. Yes, we broke into the Eurotrash zone, but only as tongue-tied epigones.

Neoart: trance, rebellion,
staging

The release of “*Premiere*”, the second book by Andrus Gorvat, and the suicide of 33-year-old nonconformist artist Zakhar Kudin framed the content of the year in Belarusian culture. Both personified an attempt to go beyond the role standards offered to artists by our social medium – a fashionable socialite (Gorvat) or an outsider in the eternal lifeworld and financial crisis (Kudin).

Gorvat’s “*Premiere*” was written simultaneously with the rehearsals of the play based on his first book “*Radio Prudok*”, which anchored the author’s reputation as a melancholic-lyrical mosaic writer. Sketchy notes about rural life and the call of the universe were replaced by a multi-layered text in the manner of Fellini’s “8½.” The master of social-media emo writing wants to destroy his own myth, tries a different technique, tries to make ‘literature’, but it is here where he finally loses control over the process.

The Zakhar Kudin case is important as a drama of an extra-systemic artist in a zero art market and disastrous art management. The aesthetics of an agro-town with its never-ending Dazhynki-style generates demand for problem-free ‘understandability’ and aggressive banality. There is no place for experimenters there, perhaps, because they refuse to know the attention codes of the local addressee. Maxim Shved’s “*Pure Art*” documentary, which was released in Minsk a month before

the tragedy, ingenuously rhymed Kudin's abstract painting with painting out graffiti on city walls.⁵ Shved wanted to raise house painters to the level of conceptual non-figurative art creators, but, in fact, he simply nullified the works of the homeless artist, showing his complete incompatibility with the quasi-Soviet cultural environment.

An eye-catching gesture, a spectacular art provocation becomes the highest form of rebellion in the regularized field of legitimate Belarusian culture. At the opening of his exhibition at the Contemporary Art Center in October, artist Alexei Kuzmich threw off his cloak and stood full frontal with a "Ministry of Culture" shield on his genitals. As he said, that was his protest against rigid censorship of his exhibition. The protest against "managed culture" was met with support and understanding by the audience and lawsuits against the artist.⁶

Young filmmaker Vlada Senkova decided to gently adapt the situation to herself, turning the one-reeler commissioned by UNESCO into the full-length film "II." The creative idea forced the customer to scoot over, but still the movie about troubled school life turned out to be a wan shadow of the Russian gruesome film "Everyone Will Die But I Will Stay." The local emphasis traditionally reduced to a set of simple markers: children quietly learn Polish and dance to the drug-suicidal-dance mix by Bakei.

The short film "Franka" by Mitry Semyonov-Aleinikov was the most successful Belarusian film of the year with a bunch of festival awards. It is another example of competent custom-made work (for the Belarusian "War. Remain Human" almanac).

⁵ «Цензуре могут подвергаться вполне безобидные вещи.» *Meduza*, 26 Sep. 2019, <https://meduza.io/feature/2019/09/26/tsenzure-mogut-podvergatsya-vpolne-bezobidnye-veschi>.

⁶ «Принято окончательное решение по делу художника, протестовавшего против цензуры с помощью виагры.» *Tut.by*, 18 Dec. 2019, <https://news.tut.by/culture/665627.html>.

Skillful direction, excellent camerawork, accurate casting and the right moral philosophy with a strange aftertaste of a neat composition on a given topic.

The release of the book “The Devil Harnessed Into The Plough” by the 1990s-style publicist Sergei Dubavets in the year under review is indicative. The phantasmagoric Prague trip of two functionaries, a young and a veteran, of Radio Solaris (slightly disguised Radio Svoboda) is some sort of a psychedelic report about generations’ discord. The final result of night walks and endless conversations is a statement of the exhaustion and futility of the heroic position of old-school activists in the face of the victorious cynicism of new pragmatists. The plot is exhausted. The budget is not.

As Igor Babkov said, it can be ascertained that our national partisans were eaten by national managers. And the new partisans are no longer ours, just a gang of outsiders without trade or distinct position.

A group of young film authors positions themselves as a new Belarusian wave just like this: “Belarusian burnt-out cinema”, which means that “nothing can be proved to anyone; there is nothing to strive for and nothing to lose.”⁷ The “Drama” film almanac by Nikita Lavretsky, Yulia Shatun and Alexei Svirsky released in the spring of 2019 is not even an exercise in a parallel to the inertial Belarusfilm Studio, but a perpendicular on-screen statement. In the unkempt monotonous stream of visual images it is easy to see the main external sources of inspiration: an independent low-budget festival-oriented movie and the culture of social media vlogs. Internally, it displays the inherent lack of systematic transfer of cultural experience in Belarus’ half-baked society. As a result, every new generation is ready to start from scratch, inarticulately as before.

⁷ «Никита Лаврецкий: “Вы сразу поймёте, это конченный режиссёр”.» Сеанс, 29 Apr. 2019, <https://seance.ru/articles/sashin-ad-interview/>.

And this is a final recognition of the disease. New authors are children of the indisplaceable powers that be and shallow education, skillful in techniques but superficial. They read the country at the level of the daily routine; they are actually cut off from cultural tradition; they substitute education with quotemanship, and signature with ambition. They live under the crossfire of neighboring cultures and poorly understand the meaning of the epic Belarusian Project.

The new counterculturists mix the hunger for self-expression with the tone of the global market, firmly zeroing out the local context as noisy and of little significance in terms of their personal stories. But they forget that all such revolutions had already happened before.

Alignment of comets:
the new old

The invariability of the cultural order makes attempts to devise long-term growth strategies and creative innovations pointless. The effects of presence remain. A cost effective way to maintain a reputation.

Major songwriter of the country Liavon Volsky returned in 2019 with “Gravitacya” album. In his current incarnation, Volsky is not a frontman of the legendary rock brigade, not a buffoon or a fiery tribune. A solo author, who looks at himself in the midst of a meaningless environment of varying degrees of information clutter. The third coming of Liavon’s alliance with Norwegian musicians after “Hramadaznaustva” (2014) and “Psychasamatyka” (2016) looks like scraps of the first two. The positioning as a conceptual album about the cycle of human life is shuttered by a slurred selection of tracks, general depressiveness and nervous lashing out at the time, neighbors, leaders, weather, Russian techno and the system as a whole.

“Libido” novel by Ilya Sin was the book of the year according to the Jerzy Giedroyc Literary Award. An experienced verbal experimenter and performer, Sin wrote, perhaps, his most readable text. A solid European-style writing, a game on the verge of a street joke and the life of saints, assemblage of recognizable mundane details, which suddenly takes a phantasmagoric shape, compositional flair, an accurate sense of the music of words and a sense of rhythm... Urban gothic of the times of triumphant stability. It is precisely this competently and subtly captured experience of the absurdity of the present that makes Sin’s text relevant and timely. But it also makes “Libido” absolutely sealed-in and self-sufficient like a new strange look into a familiar abyss.

Rebellious Sergei Mikhalok put his *Brutto* on a pause and recorded the second plastic pop album under the *Dresden* brand. The release of “Edelweiss” is doubly unoriginal as a sentimental tribute to the 1980s and a loose recitation of the first *Dresden*. The basic formula of the project failed: added to a collection of discolored cards may only be similar discolored cards.

The Svetlana Alexievich Intellectual Club resumed sessions after almost a 1.5-year pause. Their format remained virtually unchanged. Even the joint statement by Algerd Bakharevich and Viktor Martinovich did not help.⁸ The popular authors tried very hard not to quarrel and carefully avoided sharp corners without uncovering the announced topic of the cost of compromises, thus serving as an illustration of this cost.

The Belarusian PEN Center – a representation of the international human rights organization – became a venue of the major cultural scandal of the year. Writer and politician Pavel

⁸ Жбанков, Максим. «Возвращение клубного Нобеля. Позёры взамен гастролёров.» *Белорусский журнал*, 01 Apr. 2019, <http://journalby.com/news/vozvrashchenie-klubnogo-nobelya-pozery-vzamen-gastrolerov-1276>.

Severinets publicly accused the Center's leadership of discriminating against Christian writers, promoting "cultural Marxism" and, at the same time, forming a "gay lobby."⁹ Nevertheless, Pavel decided to return to the Center, from which he was expelled for non-payment of membership fees since 2014 for ideological reasons. The fact that this happened shortly before and during the election congress of the PEN Center gave grounds to suspect a hostile takeover of the organization.¹⁰ After heated debates, P. Severinets was reinstated and then expelled again after mass protests of the members, this time for activities incompatible with the basic values of the Center.

This caused a split in the ranks of independent Belarusian writers, a hysterical information war and a series of demonstrative demarches of iconic personas, and intensified the never-ceasing conflict between the traditionalists and advocates of the European way to the full extent.

The year saw a couple of closures that left noticeable gaps in the cultural landscape. The 30th and the last 'Basovišča' festival of young musicians of Belarus¹¹ was held near Bialystok in July. The Minsk private bookshop 'Gogol's Dream' announced its liquidation at the end of the year. Both events are a farewell to the desired reality, with a certain field of hope. The former was a fairy tale about music that could awaken the nation (even from beyond its borders). The latter was the belief that good intention and good taste are able to sell well in Belarus.

⁹ Севярынец, Павел. "Культурны марксізм і яго камісары." *Naviny.by*, 22 Oct. 2019, <https://naviny.by/article/20191022/1571755546-pavel-sevyarynec-fenamalogiya-belarusi-kulturny-marksizm-i-yago>.

¹⁰ Фядута, Аляксандр. "Вогнетушыцель Алексіевіч." *BELSAT*, 27 Oct. 2019, <https://belsat.eu/news/vognetushytsel-aleksievich/>.

¹¹ "Некалькі словаў пра 'Басовішча', якіх ня скажа ніхто." *Радыё Свабода*, 13 July 2019, <https://www.svoboda.org/a/30051641.html>.

Conclusion

The dynamics of the cultural situation in 2019 generally followed the trends that we described in previous reviews. There are still no considerable transformations in the Belarusian cultural field. Public officers in charge of culture are among the lowest paid workers (BYN 650 per month on average). Market-based strategies are mainly actualized outside the country.

There are neither ideas, nor resources for a redistribution of the areas of influence. Accordingly, the mission of culture activists is still a simple reaffirmation of their vitality, i.e. the release of products in stable demand and proved quality, a dramatic self-presentation at best. Inertia remains the main motive of the season.

The recent boom of the decorative *Belarusian identity* has completely exhausted itself and lost its initial fervor.¹² After a series of marches of Belarusian Republican Youth Union members in embroidered shirts, the frisky national design no longer scares anyone, but makes it possible to slightly color the monotonous stagnation landscape, and feed the identity at a low price during corporate events like the *Symbal.by* Fest.

Openness to external cultural interventions in conditions of the blurred paradigms of domestic values turns into a style dependence and general derivativeness. Belarus' young sprouts grow for outside venues, trying to keep up with the neighbors.

¹² “Мода на беларушчыну прайшла. Пагоня ўжо не выклік. LSTR Adziennie пра тое, як прадаваць адзенне з нацыянальным характарам.” *Marketing.by*, 13 Nov. 2019, <https://marketing.by/mnenie/moda-na-belarushchynu-prayshla-pagonya-zho-ne-vyklik-lstr-adziennie-pra-adzenne-z-natsyyanalnym-khar/>.

PUBLIC OPINION: A GEOPOLITICAL SHIFT

Andrei Vardomatsky

Summary

The Belarusian Analytical Workshop (Warsaw) presents the findings of nationwide representational opinion polls with a sample size of over 1,000 respondents in each survey and geopolitical orientations and the economic self-perception of the nation as thematic dominants.

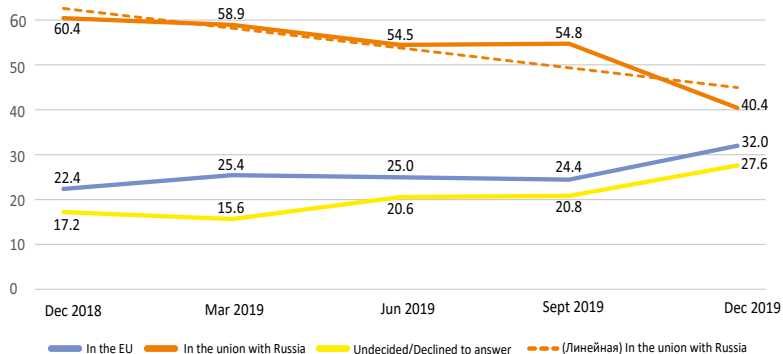
Trends:

- A steep decline in support for a union with Russia;
- Growth of support for integration with Europe;
- Insignificant changes in views on the economic situation in the country and the economic status of private households;
- A common trend of believing that the personal economic situation is better than that of the country as a whole.

Geopolitical orientations: high elasticity

In 2019, the most important changes in public opinion in Belarus occurred in the segment of geopolitical orientations. The proportion of proponents of a union with Russia shrank from 60.4% to 40.4%, down 20%. The largest ever 14.7% downfall was observed from September to December, whereas European integration aspirations showed almost a 10% increase from 22.4% to 32.0%. The collapse of pro-Russian orientations in September–December was thus synchronous with a 7.6% growth of pro-European sentiments (Diagram 1).

Diagram 1. Answers to the question “Which union would be better for Belarusians: the European Union or a union with Russia?”, %



As the Belarusian-Russian relations were going from bad to worse throughout 2019, which became particularly obvious after the policy statement that Russian Prime Minister Dmitry Medvedev made in Brest¹, heated discussions in the media and frictions at the highest level changed Belarusians’ common attitude to potential integration with Russia.

Pro-Russian sentiments in Belarus have been slowly, yet steadily declining since January 2018.² Further events, including the Belarus-Russia debates on the integration roadmaps, influenced this process, not instantly, but with a delay of around five months, which is typical of public opinion: the more nontransparent the political process at the top level are, the more delayed the public response is. Backstage activity produces negative assessments, the phenomenon that we define as “negativity of the unknown.”

¹ «Ультиматум Медведева толкает Беларусь в новую реальность.» UDF.by, 14 Dec. 2018, https://udf.by/news/main_news/184851-ultimatum-medvedeva-tolkaet-belarus-v-novuyu-realnost.html.

² «Соцпросы: высокая эластичность геополитических ориентаций.» *Наше мнение*, 15 Jan, 2019, <https://nmnby.eu/news/analytics/7015.html>.

The decline of pro-Russian orientations in Belarus is taking place as follows.

1. The tonality of the union rhetoric changes in the Belarussian media: to a lesser extent in state-controlled outlets and larger in the independent media.

2. The perception of the impact of the processes that occur at the top level of the central leadership is taking shape in society.

3. This takes place under the influence of Russian media, the so-called “Russian Media Impact.”

The interactivity, entanglement and struggle of the two media streams bring forth the cumulative curve of the geopolitical orientations in Belarus.

A fundamentally new feature of the geopolitical orientations is that less than a half of the adult population of Belarus wants an alliance with Russia. This union would be rejected in a referendum that might legislate the entering into a union with Russia by 50% plus one vote.

Economic self-perception of the nation: better at home than in the country

Unlike geopolitical orientations, the economic self-perception of the nation has not shown big fluctuations. The diagrams of all *four* measured indicators of economic self-perception are plateau-like without abrupt ups and downs (see Diagrams 2–5).

The assessment of the economic situation in the country as a whole has changed the most. In December 2019, the static estimate was down by 2.4% against December 2018 (Diagram 2). The dynamic estimate was down 2.5% (Diagram 4). The micro level indicators (households) remained almost unchanged (Diagrams 3 and 5).

Diagram 2. Answers to the question “How would you assess the economic situation in Belarus at the moment?”, %

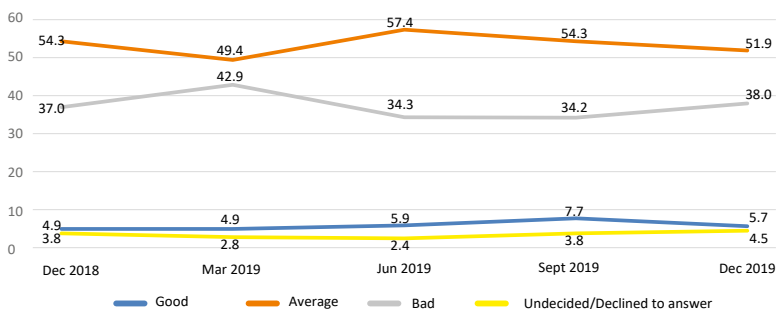


Diagram 3. Answers to the question “How would you assess the economic status of your family at the moment?”, %

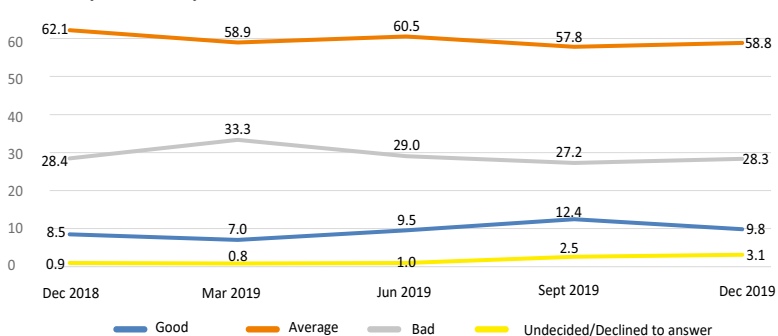


Diagram 4. Answers to the question “In your opinion, how has the status of the Belarusian economy changed over the past month?”, %

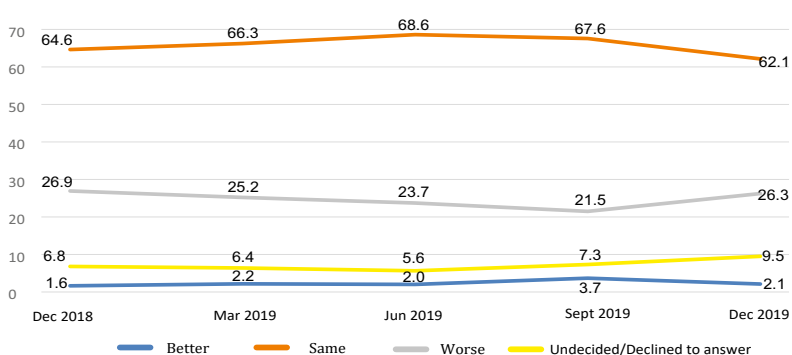
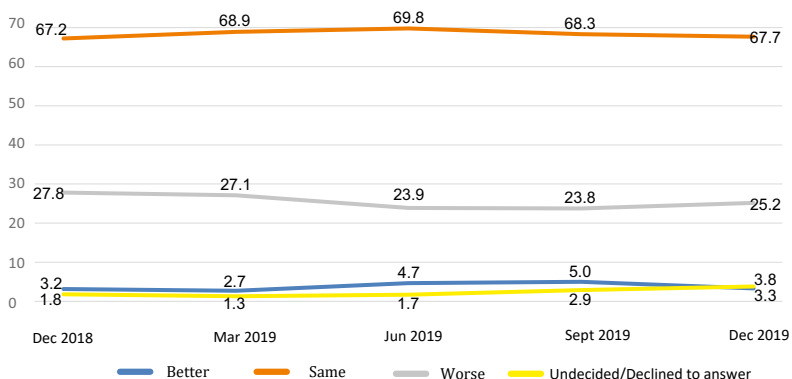


Diagram 5. Answers to the question “In your opinion, how has the economic status of your family changed over the past month?”, %



Considering the above, the annual dynamics can be described by the heading of this chapter: “better at home than in the country.” Or, in sociological terms, *micro-assessments of the economic situation are better than macro-assessments.*

Low likelihood of a politico-business cycle

One of the questions that arise as the election campaign approaches, especially when it comes to large-scale elections in Belarus, such as presidential elections, is whether a politico-business cycle will take place. The concept of a politico-business (or political-economic) cycle is based on the quite common phenomenon of the linkage between economic activity (economic growth, welfare growth) and elections to supreme bodies and certain political decisions related to the economy.

In the course of a regular presidential cadence, at first, the rating of the authorities decreases (first of all, of the political leader), then the rating freezes at the lowest point in the middle of the cadence, and then, as the nation’s economic self-perception improves, it rises again closer to the election day.

We do not expect that the politico-business cycle will take shape in the current cadence of Alexander Lukashenko (2015–2020). Unfortunately, nothing is known so far about the rating of the president (which is a significant social fact). Belarusians will definitely not feel safer economically closer to the presidential campaign. Therefore, we can only talk about an incomprehensive politico-business cycle.

Conclusion

The combination of at least three factors – the economic recession and the crises caused by the COVID-19 pandemic and deteriorated Belarusian-Russian relations – will inevitably affect public sentiment. It seems highly probable that the assessment of the economic situation in the country will become increasingly negative, both at the macro and micro levels. Further measurements will show what is actually happening with the geopolitical orientations in Belarus, which have fluctuated many times before.

RESEARCH AND ANALYTICAL CENTERS: “OLIGOPOLIZATION”

Natalia Ryabova

Summary

Forecasts for 2019, given in the last review¹, were generally verified. The total number of studies conducted in the sector has not decreased, mainly due to the fecundity of *two* research centers. Most centers are able to produce only *one* or *three* serious studies per year. At the same time, a few strong organizations expanded their research activities and interaction with the state.

Despite the election year, the demand for political analytics has not increased significantly. The topic of Parliamentary elections did not cause a surge of research interest, and the political forces themselves continued to work on their programs, mainly without the help of the expert community.

Trends:

- Concentration of resources, “oligopolization” of the sector;
- “New normality”: the smaller number of studies for most of the think tanks;
- Significant impact of major projects against the background of reduced activity of most actors.

International context

In early 2020, the *2019 Global Go to Think Tank Index Report* of the University of Pennsylvania² was released. The global trends described there are largely applicable to Belarus.

¹ Ryabova, Natalia. “Research and Analysis Centers: Increasing influence at reducing opportunities.” Vilnius, Lohvinau, 2019, pp. 179–187.

² McGann, James G. “2019 Global Go To Think Tank Index Report.” *University of Pennsylvania*. 03 Mar. 2020, https://repository.upenn.edu/cgi/viewcontent.cgi?article=1018&context=think_tanks.

- Research centers around the world face challenges in finding resources and stability, as well as technological and competitive challenges. The report's authors consider global threats to include: more topics that need attention; more actors; more competition and more conflicts.
- An increasing amount of data with an increasing quality and specification is also a major challenge. A new source of data is social networks, the potential of which research centers still have to understand and master.
- The importance of artificial intelligence developments is increasing; automated systems will probably be able to take over the lion's share of the analysis that is currently performed by humans. Systems that allow analyzing thousands of scenarios, including behavior at the micro level (citizen, household, business), will increase the accuracy and validity of forecasts and recommendations by an order of magnitude.³

The number of registered research centers from Belarus remained the same – 22 units (a year earlier only one was added). Unfortunately, the report does not contain information about which centers are included in this rating. As before, not a single Belarusian center (out of *twenty-two* counted) was included in the top 90 research centers in Central and Eastern Europe, or in thematic sub-ratings.

It should be noted that in the second half of the year, due to the tense situation in relations between Belarus and Russia, interest in Belarus from foreign research centers sharply increased: a large number of analytical papers on our country in the context of international relations, security, etc. were published.

³ For example, the Urban Institute (USA) uses a tool called “Microsimulation” to simulate household tax behavior for various policy options and their consequences. For more information, see: www.urban.org/research/data-methods/data-analysis/quantitative-data-analysis/microsimulation.

Key players and research

In general, the sector produced about the same amount of research in 2019 as it had a year earlier (about 60 units). However, these studies are unevenly distributed: the lion's share of production is created by two centers. These are BEROC and The Research Center of the Institute of Privatization and Management (IPM); both centers specialize in economy, although their activities go beyond this topic. The other centers produce quite fewer researches.

The BEROC center is a confident leader in the number of studies released: in 2019, 20 analytical notes and studies were published, as well as 5 working materials (independently or in cooperation with other organizations). Six of 20 analytical notes are devoted to the green and circular economy⁴, another block is research in the field of social policy, and the traditionally important block is macro economy. The research also focuses on gender, poverty, information and communication technologies (ICT), education, entrepreneurship, and modern University.

BEROC published quarterly economic reviews. Many materials are available only in English. The center held the IX International Conference on Economics and Finance, for the second time accompanying it with a conference for young scientists in the field of Economics and Finance. It also organized several events dedicated to the green economy and continued its active educational activities.

The “Minsk Dialogue” expert initiative has attracted Alexander Lukashenko as a key speaker to its conference for the second year in a row. The two-day forum “European Security: Step Back from the Edge of the Abyss”⁵ brought together more than

⁴ Until 2019, the topic of green economy was almost not included in the research agenda.

⁵ «Форум “Минского диалога” “Европейская безопасность: отойти от края пропасти”» *Минский диалог*, <https://minskdialogue.by/events/>

700 participants – experts, diplomats and representatives of international organizations. The initiative also organized other expert events, published four analytical notes, and six reviews on foreign policy and security. In 2019, the “Minsk Dialogue” initiative was registered as an institution.

The IPM research center conducted sociological research and created several types of research based on it: working papers and analytical notes/discussion materials – 14 units in total. Thematic focus is working conditions for small and medium-sized enterprises, social policy (demography, pension system), population values, poverty, high-tech Park (HTP), green economy, and trade. Work on the regional competitiveness Index continued. In addition, the center publishes a number of regular analytical publications – macroeconomic forecasts, annual reviews on the topic of poverty; it also issues current analytics and comments, and participates in joint research.

The flagship event of the IPM Research center, which is the *Kastrychnitsky Economic Forum* (KEF, held in conjunction with BEROC), was held on October 31 – November 1 under the title “The Invisible Hand of Leviathan”⁶. Aleksandr Turchin, first Deputy Prime Minister of Belarus (until November 2019), was the “headliner” of the opening for the second year in a row. In addition to the Central KEF, regional conferences are held for the third year in a row (September–October). At the end of 2019, the KEF telegram channel invited subscribers to assess various risks for 2020 and presented the results of this “expert-popular vote” in a separate material⁷.

conference/forum-minskogo-dialoga-evropeiskaia-bezopasnost-otoiti-ot-kraia-propasti.

⁶ «Невидимая рука Левиафана.» *Кастрычніцкі эканамічны форум*, <http://kef.by/forum/kef-2019/>.

⁷ «Риски 2020 по версии телеграм-канала KEF.» *Исследовательский центр ИМП*, 30 Dec. 2020, <http://www.research.by/publications/dp/1906/>.

The *Belarusian Institute for strategic studies* (BISS) published several studies on education and democracy issues. Together with the expert network “Our Opinion”, the Institute issued 12 blitz comments, and also participated in the organization and conduct of the expert-analytical club together with “Our Opinion”, the Press club and monitoring *Belarus in focus*.

“Our Opinion” expert community continued to publish 20–25 analytical materials per month on political processes, security issues, public administration, international relations, economic, social, cultural and other policies. The results of several studies were also published. Traditionally, in June, The *Belarusian Yearbook* (in Russian/Belarusian and English) was published, dedicated to the results of 2018. The project “Our Opinion” participated in the organization and holding of meetings of the expert and analytical club.

The *BIPART research center* (at the SYMPA School) released a study on collective electronic communications from citizens in the context of human rights, and a series of studies on the interaction of local authorities and civil society. The center held open lectures and organized a conference “New Solutions for Public Administration”.

The *Ostrogorsky Center* published several studies in the field of education (commissioned by representatives of other research organizations), analysis and commentary, an overview of key events in *Belarus Digest* in English and Russian, and participated in the CIS Arbitration Forum.

The *Institute for political research “Political Sphere”* with the support of the Ostrogorsky Center released an analysis of the research and development sector (R&D), a new issue of the yearbook *Homo Historicus* and a new issue of the *Belarusian Political Science Review*. After a year-long break, the VIII International Congress of Belarusian Researchers was held in Vilnius in September 2019.

CASE Belarus (a member of the CASE research network) published its research on the lessons of economic transformation in Europe for Belarus, a number of scientific articles and public discussions.

Belarus Security Blog published monthly reviews of the national and economic security of Belarus, comments and analysis, video reviews, continued to prepare the radio program “Warta” and published the almanac “Warta”, organized discussions and lectures, held a conference dedicated to the memory of General Kyprian Kondratovich. *The Eurasian security digest* stopped its publication.

The Center for European Transformation (part of the international consortium “EuroBelarus”) published a report on the results of a pilot study on the accessibility of public spaces and events in Minsk, a report on the results of monitoring the implementation of the Convention on the protection and promotion of the diversity of cultural expressions by Belarus, began to produce an Index of blockchain and cryptocurrency regulation, published analytics and comments.

The center for analytical initiatives at the Liberal Club released a study on the work of business development councils and held several discussions.

The Center for Strategic and Foreign Policy Studies published mostly analytics and comments, but there are no “massive” studies or reports for 2019 on the center’s website.

The EAST center (Eurasian States in Transition research center, registered in Poland) released a study on civil society organizations in Belarus, a study on anti-Belarusian disinformation and propaganda. Some of the researches are available in Russian and English, and some are available only in English.

Expert network iSANS (International Strategic Action Network for Security): a notable phenomenon in this case is the preparation of the report “Forcing “Integration”: Russia’s creeping attack on the sovereignty of Belarus”. The report was

released under the “confidential” label and is presented in the *off the record* format.

The Strategy Research Center and the Mises Center produced analysis and commentary, and held a summer school for experts.

The Public Bologna Committee has published several monitoring reports on the implementation of the Bologna commitments, as well as a study on European values in the higher education system in the Eastern Partnership countries (initiated by the Eastern Partnership Civil Society Forum).

The Center for New Ideas released a Rating of Belarusian cities⁸ and an Index of the future of Belarus⁹, published comments, infographics and podcasts. In early 2020, the Center decided to become an analytical center.

Independent Sociology felt somewhat better than in 2018, although the situation with the licensing of socio-political research has not changed. Both “old” and new organizations work in the market, which are mainly engaged in marketing research, along the way carefully measuring the socio-political “pulse”. This data is actively used by the media and analysts against the background of their general deficit. The results of the August survey of the Belarusian analytical workshop (BAW) were most-talked about, which recorded a decrease in the number of supporters of the Union with Russia.¹⁰

When choosing a method for collecting sociological data, researchers often turn to online surveys using the Belarusian panel of foreign organizations or drop-down windows on Belarusian websites. In general, access to and use of data appears to be expanding.

⁸ “Рэйтынг беларускіх гарадоў.” *Цэнтр новых ідэй*, <https://ideaby.org/cities-2019/>.

⁹ “Індэкс беларускай будучані 2019.” *Цэнтр новых ідэй*, <https://ideaby.org/index-2019/>.

¹⁰ «В Беларусі падае число сторонников союза с Россией – минус 9 пунктов за год.» *Tut.by*, 02 Oct. 2019, <https://news.tut.by/economics/655706.html>.

Research products are also produced from time to time by non-governmental organizations that are not research centers themselves. For example, the *International Educational Public Association “ACT”* annually prepares and publishes the NGO sustainability Index (together with USAID). The *Office of European Expertise and Communications*, as an educational organization, periodically organizes surveys and publishes their results. In 2019, the *Office* together with the *Baltic Internet Policy Initiative* presented the results of a study of the Internet audience “Public organizations and citizens’ initiatives: the potential for participation”. Since this study is already the third, it can be considered as a consistent effort to study the NGO sector.

The human rights organization *Human Constanta* together with the *Baltic Internet Policy Initiative* conducted a study of the attitude of Belarusians to human rights in the digital environment. The international non-profit organization *Pact* commissioned a national survey (conducted by *MIA Research*), based on which analytical notes were published in late 2019 – early 2020 on the attitude of Belarusians to reforms, the social contract, foreign policy, gender issues, civil society, media and the role of the state.

The *State Research Sector* followed the usual trajectory: it provided decision-making within the state apparatus and published very little material in the public domain. Often the results of research in the form of articles of varying degrees of detail were published in scientific or departmental journals, but this cannot be applied to the scientific developments. The intersection point of the two sectors is specialized events and conferences, for example, the conference “Problems of forecasting and state regulation of socio-economic development” or the already mentioned “Minsk Dialogue” and KEF.

A significant event was the establishment in February 2019 of the Belarusian Institute for Strategic Research (BISR) for the purpose of providing information and analytical support for the

activities of state bodies and officials in strategic areas of foreign and domestic policy. Together with the BelTA Agency, the Institute initiated the project “Expert Environment”, one of the issues¹¹ of which was devoted to the increased volume of analysis about Belarus – mainly foreign. ISANS and BISR were also cited as examples of foreign analytics.

The discussion of demand for analytics as such under the existing system of government was interesting. According to Oleg Makarov, Director of BISR, decision-makers in Belarus (both in government and in business) are used to making their own decisions, they do not understand that analytics can improve the efficiency of this process. It becomes the reason why analytical work is not perceived as a profession. According to Oleg Makarov, the state should pay attention to this problem and literally “bring up” the analytical sector.

Influence on policy and relations with stakeholders

State

As noted above, some events and conferences become visible points of intersection of analytical centers and government agencies (Minsk Dialogue, KEF, Internet Governance Forum, etc.). There are also joint consultations, seminars, presentations, etc. Analytical centers also participate in public discussions of draft laws.

It is difficult to quantify this cooperation, but given the relatively small number of resulting products and the traditionally wary attitude of government agencies to outside analytics, it is

¹¹ «Аналитика о Беларуси: правда и вымысел.» БелТА, http://expert.belta.by/01?fbclid=IwAR192YKwCxqux9H8p_m0MkO0xlpLa4Om3T-vEAaj-TH0iOgd7zjlh6NIJzAro.

possible to say that it is still poorly developed. The existing level of cooperation varies depending on the sphere: the state tends to take into account economic analysis, but in the sphere of human rights, public administration, ecology, etc. the situation is different.

Civil society organization

Civil society organizations are slightly more frequent than before turn to think tanks for research, although they still do it rarely. Expanding this practice is hindered both by the precarious situation of the third sector itself, and by not fully formed demand. On the other hand, NGOs are increasingly aware of the importance of empirical data for their activities, so they have started to order more sociological research, studying their audience or a certain segment of their own activities.

MEDIA

Media and research centers continue to cooperate. The media seek comments and analysis, and research centers publish their materials and research results in the media (both independent and state-owned, with varying success).

In addition, recently the level of journalistic analysis seems to have become more noticeable. As an example, the publications of Artem Schreibman on the website of the Carnegie Moscow Center can be mentioned.

Political parties and movements

Parliamentary elections were held in Belarus in 2019, but there was no significant and visible expansion of cooperation between the research centers sector and parties. It certainly took place – especially in the case of parties and movements, rather than individual candidates – but it was often a case of an order “from friends”. It is difficult to identify the signs of institutionalization of cooperation.

Conclusion

In light of the complex and alarming processes taking place in the world (relations between Belarus and Russia, the energy issue, coronavirus, etc.), the demand for fast “explanatory” analytics will increase. But this is unlikely to affect “heavy”, serious analytics.

For the same reasons, there is a relatively high demand for analytics in the field of economy, international relations, security, and in view of the election year – in the field of politics. In other areas, due to reduced attention, “self-ordering” or the influence of individual projects will be more vivid.

The research sector will produce the same or fewer full-fledged studies due to the difficult financial situation. The process of “oligopolization” will increase.

ECONOMY

MACROECONOMIC SITUATION: TYPICAL YEAR OF STAGNATION

Dmitry Kruk

Summary

In 2019, the Belarusian leadership was trying to maintain an infirm balance between (1) the preservation of the economic model with a dominant role of state-run enterprises, (2) a comforting rate of output growth, and (3) macroeconomic and financial stability. No success was achieved, and one of the components had to be sacrificed.

Price, external and fiscal stability remained. Output showed 1.2% growth. The outstripping rate of real income growth was ensured, which improved the situation in the social sector. However, all these measures factored in a decline in the corporate sector finances.

In pursuit of a balance, the government relaxed budget constraints for the public sector. Private sector enterprises grabbed the opportunities opened by business environment improvements of the previous years, and made a significant contribution to output growth.

Trends:

- End of recovery growth (output growth slowdown, spasmodic economic activity);
- Growing contradictions in institutional policy: measures to strengthen financial stability stumbled over the enforced support for the public sector;
- Maintained economic policy focus on macro stability despite doubts about the justifiability of this policy;
- Considerable increase in real incomes and reduced welfare imbalances.

Introduction

After the relatively successful year 2018, the economic authorities were kind of euphoric. Official forecasts for 2019 presumed a noticeable acceleration in output growth to 4%, which was above the equilibrium growth estimates for Belarus (around 2.5%).

The government, probably, counted on a favorable external environment, hoping that systemic problems that hampered economic growth were resolved in previous years. Therefore, it relied on economic activity growth in 2019 primarily thanks to higher external demand that would revive domestic demand, first of all investment, which has still not recovered to the pre-recession level of 2014. Also, accelerated growth of capital investment was expected after the launch of the Belarusian nuclear power plant initially planned for late 2019.

Most of the hopes did not come true. The price terms for foreign trade worsened, and adverse events occurred in some global commodity markets that are essential for Belarus (potash fertilizers, mining trucks), which led to sagging demand for Belarusian goods.

Global trends affected Russian economic growth, which remained very modest, and resulted in a reduced demand for Belarusian goods and services. Furthermore, throughout 2019, Belarus was under Russian pressure on a whole range of economic issues. By the end of the year, this pressure resulted in a conflict over the terms of oil supply, which was an important factor affecting economic dynamics.

Contrary to expectations, the expected surge in investment in late 2019 did not revitalize economic activity. *First*, the commissioning of the NPP was postponed again to 2020. *Second*, as negative expectations heightened by the end of the year, companies curbed their investment appetites, and households scaled down housing construction.

Growing institutional contradictions

In 2019, the government's economic policy was conceptually based on the assumption that the most obvious institutional

defects, such as the low efficiency of state-owned enterprises and their accumulated debt, were mitigated enough to ensure moderate growth of the economy. Therefore, significant institutional innovations seemed to be irrelevant, and the country's leadership focused on the consolidation of emerging trends.

The plan was to cut directed lending to BYN 800 million (this began in 2015, and the proportion of such loans declined to an insignificant amount by 2019), limit other kinds of direct and indirect support to state-owned enterprises, and switch from soft loans to subsidies (since 2018) in housing construction.

With regard to the private sector, the revocation of the decree on pseudo-entrepreneurship¹, which steamed up private business, was the most important event of the past year.

The strategy aimed at increasing confidence in the national currency² was also significant for financial markets and financial stability. Several progressive regulations for budget administration, stock market development, accounting and prudential governing were introduced.

However, amid systemic problems in the public sector, the government *de facto* intensified the provision of direct budget support to state enterprises, and indirect support in the form of debt restructuring, payment of part of interest on loans, etc. The initially approved amount of directed lending (BYN 800 million) increased by BYN 184 million and the complete abolition of this lending planned for 2020 was postponed to 2021. Measures to support state enterprises were put to practice in 2019 under the landmark Orsha District Development Program.

This marked the curtailment of the policy of budget constraints for state-owned enterprises, since even half-hearted

¹ Decree No. 488 of Oct 23, 2012.

² The final version enshrined in a joint decree of the government and the National Bank in early 2020.

changes in 2016–2017 put in question the viability of business models for most of them. The government was no longer strongly determined to create a market of bad debts and establish new rules for banks to deal with troubled borrowers. A draft regulatory act aimed at responding to the chronic (since 2016) problem of bad debts had been worked on since 2017, and its adoption was planned for 2019. However, the draft got bogged down in bureaucratic approval procedures and was removed from the agenda before the end of the year.

No significant changes occurred in the functioning of the private sector. Many private companies managed to increase output and/or improve their financial performance after a fragmentary liberalization in 2016–2017. Nearly 80% of surveyed private small and medium businesses considered their standing in 2019 as satisfactory or good with stable or moderate positive dynamics.³ The IT sector, primarily the High Technology Park (HTP), showed a fairly rapid development. IT service exports grew by 30% to USD 2.4 billion, and the share of the information and communications sector in GDP reached 6.2% largely thanks to privileges granted by the 2017 decree on digital economy development.

Inertial recovery growth ended;
growth got weakened and
spasmodic

Institutionally, the economy remained conserved, and the weakness of the GDP growth potential remained a problem as in previous years. In 2019, the equilibrium growth potential was

³ See in particular: «Как чувствует себя белорусский бизнес: результаты одного исследования.» *Экономическая газета*, 22 Oct. 2019, <https://neg.by/novosti/otkrytj/kak-chuvstvuet-sebya-belorusskij-biznes>.

estimated at 1.5% to 3%, but the capacity for achieving even these figures was doubtful, not to mention the overly optimistic official target of 4%.

Firstly, the recovery growth effect was virtually over in the beginning of 2019, largely because the GDP growth rate in 2017–2018 had been slightly in excess of the growth capacity. *Secondly*, during that time, the economy was at a cyclical growth retardation stage due to the faded out recovery effect and the deterioration of the external environment. *Thirdly*, the economy was influenced by local shocks that led to multidirectional output jumps. For instance, a positive shock of consumer sentiment spurred output growth early that year, and then it slowed down due to the contaminated oil incident and heightened disagreements in talks with Russia in the *second* and *fourth* quarters. As a result, the year 2019 was distinctively marked by the arrhythmic economic activity in the relatively favorable *first* and *third* quarters and unfavorable *second* and *fourth* quarters. Business cycle disturbances affected the macroeconomic performance, leading to increasing uncertainty and fettered economic activity of companies and households.

GDP showed a modest 1.2% growth in 2019, which is below the official forecast and the actual indicators of the previous two years. In terms of demand, domestic demand components (household consumption and gross capital formation) contributed to output growth the most, while the contribution of net exports turned out to be negative. Growth of imports that outstripped exports was a matter of concern, but its scale was not alarming. With the accumulated safety margin, a foreign trade surplus decline did not pose a threat to external equilibrium.

In terms of supply, the largest contribution to output growth was made by the ICT sector, production sector (mainly vehicles and equipment manufacture, metallurgy and wood processing), agriculture and construction.

Macro- and financial stability remains, and so does risk of losing it

Like in the previous years, in an attempt to accelerate growth and ensure macro and financial stability the authorities still prioritized the latter. Therefore, they used monetary and fiscal policy tools very carefully.

The influence of monetary and fiscal policies on the output dynamics was close to neutral throughout the year, despite some spikes and variations of the channels of this influence. Directions of fiscal impulses related to consumer and investment demand were changing. A side effect on the monetary environment was produced by a new macro-prudential tool introduced by the National Bank—estimated standard risk rates. ESRR-based prudential penalties for high interest rates pushed banks toward redirection of loan offers from the consumer segment (which caused a slowdown in its rapid growth) to the corporate one.

Restrained economic policy kept the values of indicators that characterized macro-stability in a safe range. Despite a considerable acceleration early in the year, inflation remained close to the 5% target. Cumulative inflation was at 4.7%; average annual at 5.6%.⁴ The current account balance of the balance of payments worsened slightly to 1.8% of GDP in 2019 from 0.04% in 2018, but remained in the range that can be considered equilibrium for Belarus. The consolidated budget still had a surplus of 2.4% of GDP, which was primarily used to pay off the public debt.

Trends were more controversial in the field of financial stability. *On the one hand*, liquidity in foreign exchange significantly improved, largely thanks to increased FX net supply on the domestic market. Households showed a year-on-year decrease

⁴ Hereinafter data of the National Bank of the Republic of Belarus, <http://www.nbrb.by>.

in this segment (USD 0.6 billion against USD 1.1 billion), while legal entities sharply increased the net supply (USD 1.1 billion, net demand standing at USD 0.2 billion in 2018). This made it possible to increase the country's gold and foreign exchange reserves by USD 2.2 billion to USD 9.4 billion, and their quality improved.

A decrease in the public debt burden against the backdrop of GDP growth and a slight increase in the absolute size of the public debt was also a positive trend. A part of new state borrowings was denominated in Russian rubles (equivalent of USD 0.15 billion). The susceptibility of the debt to the exchange rate decreased insignificantly, but it became obvious that the authorities realized the problem. The placement of Eurobonds in Belarusian rubles worth around USD 100 million by the Development Bank of the Republic of Belarus was even more symbolic in this regard.

On the other hand, poor financial performance of companies, primarily state-owned, affected the quality of corporate debts. Government support measures remedied the situation just a little. Therefore, banks remained relatively passive in lending. The year also saw a decrease in banks' profitability indicators.

As economic growth slowed down closer to the end of the year, and disputes with Russia grew bitter, many of the conserved contradictions manifested themselves again. Authorities' declarations and some actions they took (intensification of unconventional forms of support for state-owned enterprises) cast doubt on the justification of the adherence to the macroeconomic stability goals amid low growth and accumulated threats to financial stability.

Real incomes up, social imbalances down

Along with the adherence to the macro-stability goals, the government tried to bolster growth impulses by increasing wages

and social benefits through *three* channels: *first*, by means of direct fiscal incentives, i.e. growth of nominal wages in the public sector and budget transfers; *second*, by means of direct influence on the dynamics of wages at state-owned enterprises; *third*, by giving an impetus to wage growth in the public sector and at state-owned enterprises. As a result, wages and pensions (in real terms) grew at a faster pace (relative to labor productivity and output growth), which, at the end of the year, were at 7.7% and 13.1%, respectively.

Accelerated growth of wages, however, produced a negative effect on future macro- and financial stability, in particular, the financial standing of enterprises, where labor costs grew at a faster pace. Accelerated growth of consumer demand deteriorated the current account balance of the balance of payments.

This, of course, favorably affected the social sector. Real wages and pensions reached all-time highs. Furthermore, the authorities managed to maintain a relatively favorable labor market environment, which slightly worsened in the last months of the year. Unemployment decreased from 4.6% early in the year to 4.0% by the end of the year, while the employment rate remained virtually unchanged. *Secondly*, the government almost completely eliminated the imbalances in the distribution of revenues. The ratio of the real size of the average pension and wage approached the desired level of 40%, and the poverty rate was down to a historic low (around 3.5% by the end of the year).

Disputes with Russia affect short-term dynamics and expose medium-term threats to the economy

The economic situation rapidly changed in the *fourth* quarter of 2019. Surveys showed that commercial entities and households had negative expectations. Companies postponed or even curtailed investment projects. Demand in the labor market

decreased at the end of the year. The number of new jobs sharply decreased, and the unemployment rate went up, albeit slightly (from 3.9% to 4.0%) for the first time since 2017 mainly due to adverse developments and uncertainty caused by heated oil and gas disputes with Russia.

Twists and turns of Belarus–Russia negotiations on “greater integration” and oil and gas supplies revealed conceptual contradictions between the countries. Belarus strongly counted on facilitated access to the Russian market, low gas prices, and preferences in trade in oil and oil products, believing that its membership in the Eurasian Economic Union *guaranteed* all this.

Russia’s commitment to implement the tax maneuver in its oil sector to the detriment of the financial interests of Belarus was a short-term challenge for macro- and financial stability in 2020. From this perspective, acceptance of Russia’s terms would mean an increase in the purchase price of crude oil to around 83% of the world price (up 4 percentage points against 2019), which would nearly reduce the profitability of the Belarusian refineries to zero, and result in a drop of fiscal revenues and foreign trade receipts by USD 250 million.

More importantly, the Russian tax maneuver was a strategic threat to the justifiability of the Belarusian economic model, in which oil refinery is one of the drivers of the national economy. Acceptance of Russia’s terms from 2020 (the start of subsidies for Russian refineries) would *de facto* mean acceptance of Russia’s interpretation of EEU agreements and inability to cite them as a justification of the claims for favorable terms in trade in energy commodities.

Belarus is hardly able to ensure the cost-effective functioning of its oil refining industry by means of compensatory measures aimed at mitigating tax maneuver impacts. Therefore, at the end of 2019, the Belarusian government took a tough stance in negotiations with Russia in an attempt to preserve the convenient economic model, which faces a medium-term threat.

Conclusion

The year 2019 was quite indicative, as it displayed the state of the national economy, its prospects and problems. *On the one hand*, disciplined economic policy made it possible to maintain macro-stability, low inflation and close-to-equilibrium balance of payments and fiscal position.

On the other hand, output growth was insignificant and unsatisfactory against the backdrop of a wide range of institutional defects. Trying to raise household incomes and improve the situation in the social sector, the authorities resort to measures that adversely affect the financial situation in the corporate sector. This, in turn, forces them to intensify the use of public sector support tools and curtail the previously proclaimed policy of tightening budget constraints.

As a result, the Belarusian economy faced a *trilemma* in 2019: it is hard to simultaneously maintain (1) the economic model with the dominant role of state-owned enterprises, (2) a comforting output growth rate, and (3) macroeconomic and financial stability. Throughout the year, the government tried to sacrifice little bits of each component. However, new challenges emerged at the end of the year due to disagreements with Russia. Under deteriorating external conditions, it will be more and more difficult to maintain a fragile balance between the three components above.

FOREIGN EXCHANGE MARKET: WILL THERE BE ENOUGH RESERVES TO WITHSTAND RECESSION?

Alexander Mukha

Summary

In 2019, private households considerably reduced their net sale of foreign exchange on the domestic market of Belarus against the backdrop of an increase in monetary incomes. Although national gold and foreign exchange reserves reached an all-time high in early 2020, they remain insufficient given the collapsing access to international capital markets for Belarusian residents. Depreciation of the national currency may further increase the risks associated with the previously accumulated external debt.

In 2020–2021, downward pressure on the exchange rate of the Belarusian ruble (BYN) and gold and foreign exchange reserves is expected to increase amid the growing large-scale economic recession caused, among other things, by the coronavirus pandemic.

Trends:

- Increased net demand for foreign exchange on the part of households and enterprises, which negatively affects the ruble exchange rate dynamics;
- Increased adverse dynamics of foreign economic operations, exacerbated by external debt liabilities;
- Increased need for external financing;
- Expected decline in monetary incomes of the population fraught with political risks.

Households and enterprises as net buyers of foreign exchange

Households continued reducing their net sale of foreign exchange in 2019 against the backdrop of an increase in monetary

incomes and a decrease in unorganized foreign exchange savings of households. According to the National Bank of the Republic of Belarus (NBB), individuals sold USD 597.7 million in equivalent on a net basis¹ (including cashless transactions) against USD 1.115 billion in 2018, USD 1.759 billion in 2017 and USD 1.894 billion in 2016 (see Table 1).

For comparison: over the same period, business entities sold USD 531.7 million on a net basis, non-residents – USD 571.9 million, banks and non-bank financial institutions (NBFI) – USD 705.9 million.

Table 1. Net demand and net supply of foreign exchange on the domestic FX market, 2014–2020, USD million

Period	Net demand (-) and net supply (+) of foreign exchange			
	Economic entities	population ¹⁾	Non-residents ²⁾	Banks and NBFI ³⁾
2014	-495.0	-1,385.0	261.7	...
2015	-403.8	129.6	227.2	...
2016	-206.1	1,894.0	452.5	...
2017	-880.0	1,759.0	313.9	...
2018	-672.4	1,114.8	493.7	617.8
2019	531.7	597.7	571.9	705.9
Jan.-Feb. 2020	-309.4	-172.8	67.8	186,6

Note. ¹⁾ Includes transactions of individuals on the foreign exchange cash market (including payment media) and non-cash transactions; ²⁾ does not include operations performed in accordance with the Eurasian Economic Union Treaty of May 29, 2014, which regulates the procedure for crediting and distribution of import customs duties in the EEU; ³⁾ includes spot transactions with own funds (without conversion operations), including of the Development Bank of the Republic of Belarus and non-bank financial institutions. The symbol ‘...’ means that the data was not published.

Source: author’s research based on the data provided by the National Bank of the Republic of Belarus.

¹ Hereinafter: “Statistics.” *National bank of Belarus*. 25 Mar 2020, <http://nbrb.by/>.

The composition of net foreign exchange supply on the part of households is as follows: net sale of cash foreign exchange – USD 1.418 billion; conversion of deposits in rubles into foreign exchange deposits on a net basis – minus USD 820.1 million.

In 2019, net supply of foreign exchange on the domestic foreign exchange market totaled USD 2.407 billion, which allowed the National Bank to significantly increase national gold and foreign exchange reserves. In 2019, the reserves rose by 31.2% (USD 2.236 billion) at once to USD 9.394 billion, as of January 1, 2020, which is the all-time high in the history of independent Belarus.

However, in January–February 2020, households and enterprises acted as net buyers of foreign exchange on the domestic FX market. Households and legal entities' demand for foreign exchange exceeded supply, which, along with other factors, negatively affected the dynamics of the exchange rate of the Belarusian ruble against major foreign currencies. In January–February 2020, households bought USD 172.8 million on a net basis (including cashless transactions), and business entities bought USD 309.4 million (see Table 1).

The transition from net sale to net purchase of foreign exchange by households stems from the following factors.

1. *A significant reduction in unorganized foreign exchange savings of households over the past few years.* For instance, in 2015–2019, households sold USD 8.788 billion of previously stashed cash foreign exchange on a net basis. We can expect a decrease in supply of cash foreign exchange from this source in 2020.

2. *A decrease in foreign exchange receipts from labor migrants.* Incomes of labor migrants employed in Russia were one of the sources of regular replenishment of unorganized foreign exchange savings of households. Belarusians prefer to take earned money from Russia back home mainly in cash. According to our forecast, an economic downturn in Russia in 2020

coupled with a sharp depreciation of the Russian ruble will lead to a further decrease in foreign exchange receipts from labor migrants employed in Russia and, accordingly, to a reduction in cash supply on the domestic foreign exchange market of Belarus.

3. *An increase in demand for foreign exchange amid rising depreciation expectations.* Falling oil prices and depreciation of the Russian and the Belarusian rubles hit by the COVID-19 pandemic led to increased depreciation expectations in the country and, as a result, increased demand for foreign exchange by households in 2020. From the beginning of 2020 to March 30, the official exchange rate of the Belarusian ruble against the US dollar dropped by 22.4% to BYN 2.5754/USD 1, and against the euro by 20.6% to BYN 2.8371/EUR 1 (Table 2).

Table 2. Dynamics of the average weighted exchange rate of the Belarusian ruble against the dollar, euro and Russian ruble, 2013–2020

Period	Average weighted exchange rate of the Belarusian ruble against ¹⁾					
	USD	% against previous period	EUR	% against previous period	Russian ruble ²⁾	% against 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
2019	2.0887	102.4	2.3342	97.2	3.2303	99.6
Jan.-Feb. 2020	2.1618	100.33)	2.3713	96.73)	3.4230	105.4 ³⁾

Note. ¹⁾ Taking into account the denomination of the Belarusian ruble since July 1, 2016; ²⁾ exchange rate of the Belarusian ruble to 100 Russian rubles; ³⁾ % against January-February 2019.

Source: author's research based on the data provided by the National Bank of the Republic of Belarus.

The average weighted exchange rate of the Belarusian ruble against the US dollar and the euro is likely to noticeably decrease closer to the end of 2020, as the situation on the domestic foreign exchange market is deteriorating.

4. An increase in monetary incomes of households also contributes to an increase in net demand for foreign exchange by individuals. According to the National Statistics Committee of Belarus (Belstat), real monetary incomes of households (accounting the consumer price index for commodities and services) increased in 2019 by 6.0% year on year to BYN 81.640 billion² (Table 3).

Table 3. Dynamics of monetary incomes of households in 2013–2019

Period	Monetary incomes, BYN million ¹⁾	Monetary incomes in USD terms, USD million	% against previous period		
			Monetary incomes	Real disposable monetary incomes	Monetary 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	72,787.3	35,676.6	113,5	107.9	107.6
2019 ²⁾	81,639.9	39,086.5	112.2	106.0	109.6

Note: ¹⁾ taking into account the denomination of the Belarusian ruble since July 1, 2016; ²⁾ preliminary data.

Source: author's research based on the data provided by the National Bank of the Republic of Belarus.

According to our estimates, monetary incomes of households increased in dollar terms by USD 3.410 billion (9.6%) in

² Hereinafter: "Official Statistics." *National Statistics Committee of Belarus*, 25 Mar 2020, <http://www.belstat.gov.by/ofitsialnaya-statistika/>.

2019 to USD 39.087 billion. This calculation is based on the average rate of the Belarusian ruble against the US dollar in the domestic foreign exchange market: BYN 2.0402/USD1 in 2018; BYN 2.0887/USD 1 in 2019.

It is worth noting that households' monetary incomes in dollar terms (USD 51.293 billion) peaked in 2014. At the end of the year, there was a local foreign exchange crisis, and the National Bank's leadership was replaced.

The average accrued wage (except micro-organizations and small organizations without departmental subordination) increased in 2019 by 9.7% year on year from USD 476.1 to 522.3 (Table 4). The all-time high of USD 589.9 was registered in 2014.

Table 4. Dynamics of accrued average monthly wage in 2013–2020

Period	Nominal wage, BYN ¹⁾	Wage in USD terms, USD	% against 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	971.4	476.1	118.1	112.6	111.9
2019 ²⁾	1090.9	522.3	113.3	107.3	109.7
Jan.-Feb. 2020 ²⁾	1116.9	516.7	113.5 ³⁾	108.6 ³⁾	113.1 ³⁾

Note. ¹⁾ Taking into account the denomination of the Belarusian ruble since July 1, 2016; ²⁾ without micro-organizations and small organizations without departmental subordination; ³⁾ % against January-February 2019.

Source: author's research based on the data provided by the National Bank of the Republic of Belarus.

Considering the economic recession in Belarus and depreciation of the Belarusian ruble against the US dollar, we can expect a decrease in households' monetary incomes and the average wage in dollar terms, which can lead to increased social unrest and political risks as the presidential election is approaching.

Oil and gas factor

Enterprises turn from being net sellers to net buyers of foreign exchange due to negative trends in foreign economic operations, while the tight schedule of payments on foreign debt stands. The decrease in foreign exchange earnings was primarily due to a decrease in the export of Belarusian oil products and crude oil in monetary terms as a result of the fall of global oil prices and the physical volumes of exported oil products against the backdrop of protracted negotiations with Russia on oil supplies to Belarus.

According to Belstat, the average price of Russian oil for Belarus in 2019 stood at USD 365.6 per ton. The Russian Federal Service for State Statistics (Rosstat) reported the average price of Russian oil for countries outside the CIS at USD 460.7 per ton.³ The ratio of the prices of Russian oil for Belarus and countries outside the CIS increased to 79.4% from 74.0% in 2018 and 46.4% in 2014.

A similar trend is observed in gas supplies. According to Belstat, the average price of Russian natural gas for Belarus stood at USD 130.2 per 1,000 cubic meters in 2019. Rosstat reported the average export price for all countries at USD 189.3. The ratio of the prices for Belarus and all states increased to 68.8% from 59.4% in 2018.

³ Hereinafter: "Official Statistics." *Federal State Statistics Service of Russia*. 25 Mar 2020, <http://www.gks.ru/>.

The year 2020 may see a further increase in this price ratio, since Belarus failed to negotiate a lower gas price in talks with Russia, while the price of Russian natural gas for foreign countries was reduced. According to Belstat, in January 2020, the average price of Russian gas for Belarus was set at USD 130 per 1,000 m³. On March 25, 2020, the price of natural gas with its delivery 1 month in advance at the Dutch Title Transfer Facility hub dropped to USD 86. European countries thus had the largest ever gas inventories. Besides, demand for gas is likely to decline due to the COVID-19 pandemic.

Repayment of external debt as a big challenge

As households and legal entities' net demand for foreign exchange increased, the National Bank had to intervene to maintain the exchange rate of the Belarusian ruble by selling FX on the Belarusian Currency and Stock Exchange, which, coupled with the repayment of a considerable part of the foreign debt in January–February 2020 led to a decrease in gold and FX reserves by 6.3% (by USD 588.7 million) to USD 8.805 billion as of March 1, 2020.

The conditions for refinancing the foreign debt of Belarusian residents worsened due to the instability in international financial markets, which, inter alia, caused an increase in the yield on Eurobonds of Belarusian issuers (the government and the Development Bank of the Republic of Belarus). The yield on sovereign Eurobonds of Belarus maturing in 2030 increased from 4.9% as of February 21 to 8.3% as of March 25, 2020.

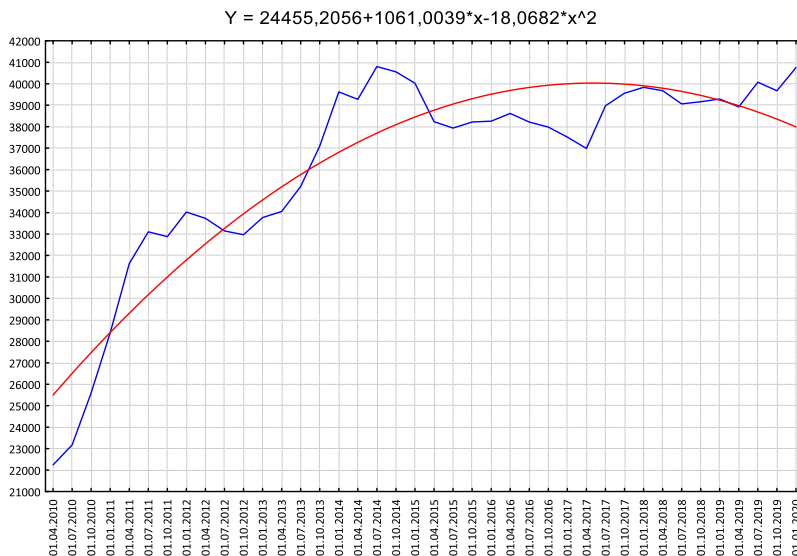
In March, the Belarusian government had to postpone the placement of a new issue of sovereign Eurobonds. In this situation, the repayment of foreign debt will further reduce national gold foreign exchange reserves.

Given the recent developments, the repayment and servicing of the foreign and domestic debts denominated in foreign

exchange is a serious challenge for all residents of Belarus. Depreciation of the national currency can aggravate the risks associated with the accumulated external debt of Belarusian residents (the government, National Bank, banking sector and enterprises).

According to the National Bank, the total external debt of Belarusian residents increased in 2019 by USD 1.462 billion (3.7%) to USD 40.750 billion as of January 1, 2020, which is 64.5% of the country's GDP (Figure 1). The external debt of Belarusian residents is still over the economic security threshold set at 60% of GDP.

Figure 1. Dynamics of Belarus' total external debt in 2010-2020, USD million (actual data and polynomial trend)



The schedule of forthcoming payments on the gross external debt of residents of Belarus as of January 1, 2020 includes payments on the principal debt and interest, a total of USD 47.922 billion.

Payments by residents of Belarus on the external debt in 2020 are estimated at USD 18.455 billion (including debt refinancing operations). Belarus' gold and foreign exchange reserves totaled USD 9.394 billion as of January 1, 2020, and, despite the historical maximum, only covered 50.9% of the upcoming payments on the foreign debt. According to the Guidotti criterion, gold and foreign exchange reserves should cover 100% of upcoming annual payments on the total external debt of the government, central bank, enterprises and banks.

Conclusion

Belarus is entering into difficult times, being influenced, among other things, by the COVID-19 pandemic, which breaks production and trade chains, and may lead to a larger decrease in demand for Belarusian commodities and services and foreign exchange receipts of the country with all the consequences that come with this. Besides, it is possible that the global economic crisis of 2020–2021 will be heavier than that of 2008.

Given the deteriorated access to international financial markets, the current size of the national gold and foreign exchange reserves is not sufficient to withstand the impending recession. Therefore, from the point of view of countering external shocks, Belarus should step up negotiations with leading international financial institutions to raise extra funds for its economy.

LABOR MARKET CONTRACTION

Vladimir Akulich

Summary

The ageing of the population, emigration of workforce, complicated administration and significant expenses associated with the hiring of foreigners reduce supply in the labor market. A decline in the working-age population and, accordingly, in the number of the employed is becoming a factor that constrains economic growth and opportunities for preventing stagnation.

Trends:

- Decrease in population, increase in workforce migration and the share of people of retirement age;
- Growing workforce shortages;
- Lowest wages in the region against the backdrop of considerably increased wages and unit labor costs that outstrip labor productivity.

Population and workforce

Belarus' population continues to decline. Over the past three decades, the population decline rate reached 8.0% (781,000 people): 24% in the 1990s, 64.0% in the 2000s and 12.0% in the 2010s, which means that the decline has slowed down.

According to the most recent census, Belarus' population totaled 9,413,000 people as of October 4, 2019. The natural decline in the population continued: minus 33,000 people in 2019 to the psychological milestone of 9,408,400 as of the end of 2019.

Belarus remains almost the most sparsely populated country in Europe (129th in the world in terms of population density). Apart from Minsk, which accounts for 0.3% of the total area of the country, the population density in the remaining territory

stands at 35 people per km² (139th in the world). For comparison, with such density in neighboring Poland, Belarus would number 25 million people.

President Lukashenko said in 2017 that 20 million would be the ideal population size for Belarus, at least 15 million would be OK for starters.¹ However, despite all incentives aimed at stimulating the birth rate, the number of children born in 2019 was minimal since the end of the World War II.

Over the past *three* years, the number of newborns decreased by 25% to 87,600 in 2019 against 117,800 in 2016 basically due to a decrease in the number of women in their childbearing years, especially in rural areas. The age-specific birth rates declined, but they are still higher compared with the 1990s and 2000s in all age groups, except for urban women aged 20 to 24.

The natural (for a highly urbanized country) ageing of the population is exacerbated by the outflow of the youth. This leads to a decrease in the working-age population (5.3 million in 2019 against 5.8 million in 2009). The situation is smoothed somewhat by the ongoing gradual increase in the retirement age, as well as the high rate of employment of the working-age population, which rose in recent years (80.9% in 2016; 83.4% in 2019).

Around 1.4 million people of employable age stay beyond the national labor market. This includes home keepers (98,000 in 2018) and Belarusian nationals employed outside the country (127,000 in 2018). At the same time, 0.4 million people at the age below and above the employable age are present on the labor market. In 2019, Belarus numbered 4.3 million people employed in the national economy (4.6 million in 2009).

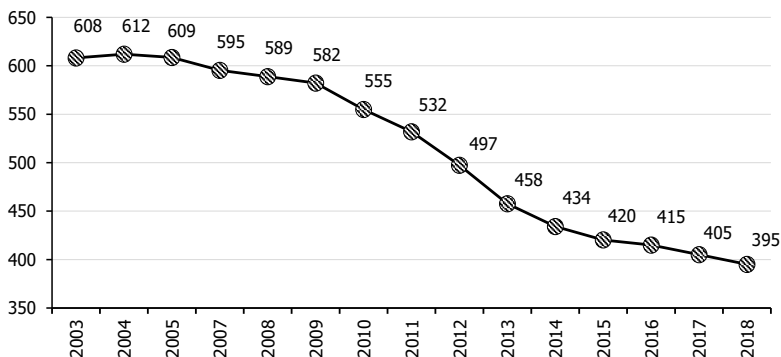
The government is trying to compensate the decrease in the number of the employed by increasing the share of the employed working age population. Decree No. 3 'On Prevention of

¹ Лебедев, Вадим. «Карта социального реализма.» *Экономическая газета*, 08 Aug. 2017, <https://neg.by/novosti/otkrytj/karta-socialnogo-realizma>.

Social Parasitism' (2015) pursued this particular goal. "At least 300,000 people who do not work today must be forced to work," the president said.²

The number of working-age students without side jobs has decreased by one-third over the past 15 years from 612,000 (100 per 1,000 working-age population) in 2004 to 395,000 (70 per 1,000) in 2018 (see Figure 1).

Figure 1. Number of students without side jobs in 2003–2018, thousand people



Every year, the Labor Ministry conducts research to find out the trades in demand in the domestic market and then, based on the findings, the Education Ministry determines the sizes of enrolment. Given the economic stagnation of the past decade, which turns into a recession once in a while, and the increasing share of raw materials and low-tech goods in national output, demand for workforce mirrors these processes. Enrolment targets tend to decrease, especially in universities.

Private universities continue to be closed. The law on deferments issued in 2019 reduced the number of deferments from

² Ibid.

military service, which may be granted to a university student for uninterrupted education, to just one.

Attempts to stimulate the birth rate wash out a significant part of the workforce from the market, as the country has one of the world's longest parental leave terms (3 years). There were 148,000 people on parental leave on average in 2005, and their number reached 345,000 in 2016–2019 (99% of them were women). According to BEROC Economic Research Center, “a reduction in the parental leave by one year can increase GDP by 1.3% through a direct increase in employment, and another 1.4% through the preservation of the human capital of those on leave.”³

Employment

Belarus' GDP depends not only on investment and factor productivity, but also on the number of the employed. This number reached an all-time low of 4,330,000 in 2019. Enterprises fired 736,000 people and hired 690,000 (minus 46,000). The layoffs were mainly observed in the production sector. The number of workers decreased by 19,000 people (on a net basis) in the industrial sector, by 11,000 in agriculture, and by 6,000 in construction. Some trades in the service sector thus showed a certain increase. IT companies reported an increase by 4,000 workers, healthcare by 600 and trade by 500.⁴

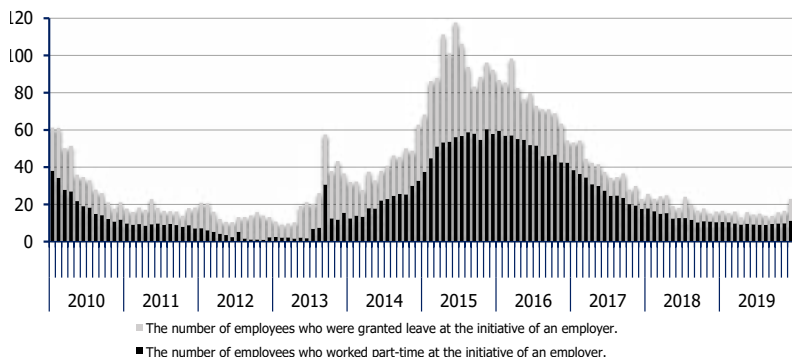
The dynamics of the number of part-time employees and/or those placed on leave by employers indicates that the labor

³ Львовский, Лев. «Как миграция, декретный отпуск и старение тормозят экономику Беларуси.» BEROC, 22 Oct. 2019, <http://www.beroc.by/media/kak-migratsia-dekretniy-otpusk-tormozyat-ekonomiku-belarusi>.

⁴ Иванович, Дмитрий. «Рынок труда в Беларуси сжимается угрожающими темпами.» БелаПАН, 23 Feb. 2020, <https://naviny.by/article/20200223/1582448750-rynok-truda-v-belarusi-szhimaetsya-ugrozhayushchimi-tempami>.

market has recovered after the 2014–2016 recession (Figure 2). Therefore, the decline in employment cannot be attributed to the weakness of the economy. This is rather about the shrinking demographics and insufficient flexibility when it comes to taking measures to overcome this situation, first of all the hiring of foreign workers.

Figure 2. Number of part-time employees and those on forced leave in 2010–2019, thousand people



Amendments to the law on external labor migration were made in 2016 to protect the domestic labor market during a recession. According to the law, employers must make contributions to the Social Protection Fund for each foreign worker, provide medical insurance, and obtain the Labor Ministry's permission to hire a foreign worker, if the work cannot be performed by a Belarusian national. The recession ended, but the restrictions remained in force.

20,800 foreigners were hired in Belarus in 2019 (up 13% from 2018). According to the Russian Ministry of the Interior, 163,400 Belarusians found jobs in Russia (a 21% year-on-year increase). Eurostat reported that over 100,000 Belarusians were employed in the EU, while Belstat reported 127,000 Belarusians employed there in 2018 (up 3-fold from 2015).

The balance of payments data also indicates that the outflow of labor force from Belarus is increasing. In 2019, those employed outside the country transferred USD 490 million to Belarus (up 11% from 2016). Labor migrants were paid USD 448 million in wages (up 43% from 2016).

Head of the Labor Ministry's Employment Policy Department Oleg Tokun said that "in 2016–2017, the situation dictated the need to set a limit on the employment of foreigners to protect the rights of Belarusian citizens."⁵ He said the situation had changed, though. "As demand for workforce is growing, and the number of the unemployed is reducing, perhaps, we could relax the restrictions on the hiring of foreign workers," he said.

Household incomes and living standards

Over-consumption is back after the 2014–2016 recession. The growth rates of real wages and real disposable incomes of households outstrip the growth rates of GDP and labor productivity. In 2017–2019, real wages rose by 29.8% and real disposable incomes went up by 17.5%, while GDP only grew by 6.9% and labor productivity by 8.8%.

However, the data on the growth rate of wages and household incomes are overstated, because the index of consumer prices regulated by the state does not fully reflect inflation. There are two alternative indicators of inflation: the consumer price index (CPI) and the GDP deflator index. The CPI overstates the inflation rate a little, while the GDP deflator index understates it.

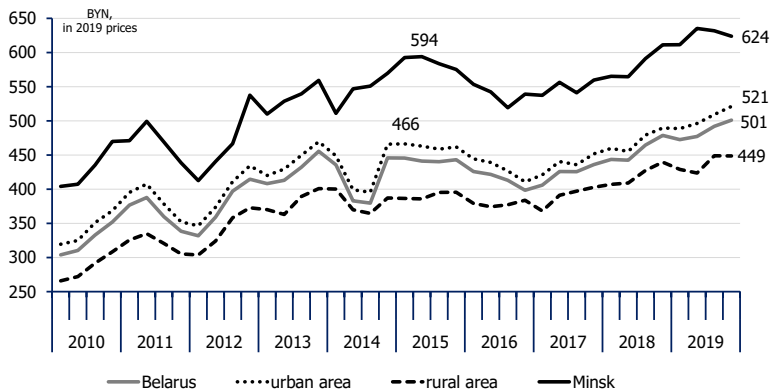
It is vice versa in Belarus. The GDP deflator index increased 20% in 2017–2019, while the CPI went up 15.6%. Over the past

⁵ Токун, Олег. «Рынок труда в 2019 году. Частные прогнозы и правительственные планы.» *Экономическая газета*, 14 Dec. 2018, <https://neg.by/novosti/otkrytj/rynok-truda-v-2019-godu>.

three years, the CPI growth rate was below the growth rate of price indices in industry, construction, transport and other most important sectors of the economy, i.e. the impulses of price growth in these sectors did not reach the consumer market. When real GDP is calculated, sectoral indices and CPI are used, whereas only an understated CPI is used to calculate real wages and household incomes, which means that the growth rates of wages and incomes are overstated. On the plus side, the imbalance between the growth rate of wages and labor productivity is not as large as statistics show.

The living standards and the purchasing power of the population are more accurately characterized by average median incomes. In 2019, the average resident of Belarus (including children) had an income of BYN 501 per month, or BYN 17 per day (USD 8) (Figure 3). Given that the prices of many consumer goods in Belarus are comparable with prices in Poland, Lithuania and other EU countries, we can speak about a relatively low level of purchasing power. Every tenth family with two children (9.8%) and every fourth family with three children (24.3%) has

Figure 3. Median average monthly disposable income per capita (in 4Q19 prices) in 2010–2019



an average disposable income per capita below the subsistence wage, even if state support was provided (the calculated subsistence wage stood at BYN 235).

Most workers have not noticed the 30% increase in real wages over the past three years. Material deprivation of households even increased 2019 to compare with 2016. Material deprivation refers to the inability for individuals or households to afford those consumption goods and activities that are typical in a society at a given point in time. There is not enough money to buy meat and fish, winter clothing, footwear, a washing machine, furniture, medicines, fuel for heating homes, fruits and toys for children, to pay utility and telecom bills, and cover unforeseen expenses in the amount of BYN 100.

In 2019, 51% of Belarusian households experienced at least one material deprivation (43% in 2016); 3.7% experienced four or more deprivations (2.1% in 2016); 27% of families could not afford to put aside even BYN 100 for rainy day (28% in 2018); 39% could not replace worn-out furniture in their homes (26% in 2018); 6-8% were not able to regularly buy fruits and children's toys (6-7% in 2018).

Unemployment

The unemployment rate fell in 2019 to 4.2%, the lowest average of recent years. The registered unemployment rate dropped to 0.2%, which is also the lowest point (Figure 4).

The number of the officially registered unemployed has been declining for four years in a row to the all-time low of 8,800 as of the end of 2019 (Figure 5). The number of job openings thus increased to 83,600 (21 per employee). The number of persons who apply for assistance to the employment and social protection authorities has decreased significantly from 240,000 on average in 2013-2017, to 200,000 in 2018 and 180,000 in 2019.

Figure 4. Unemployment rate in Belarus

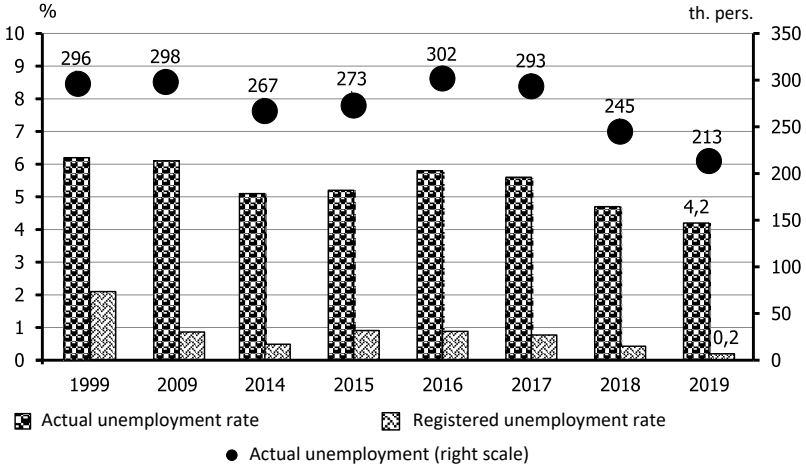
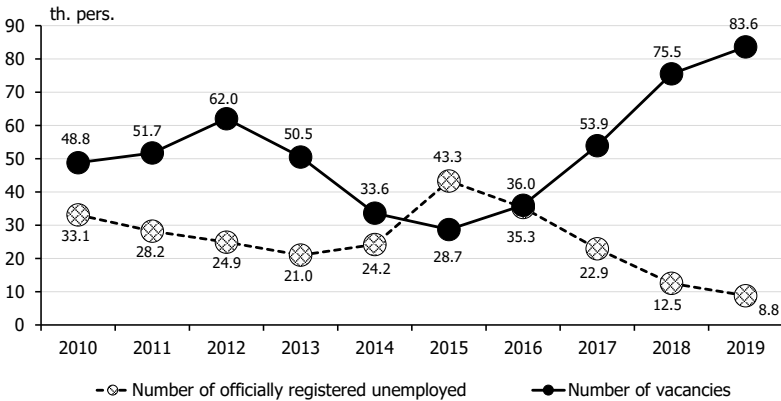
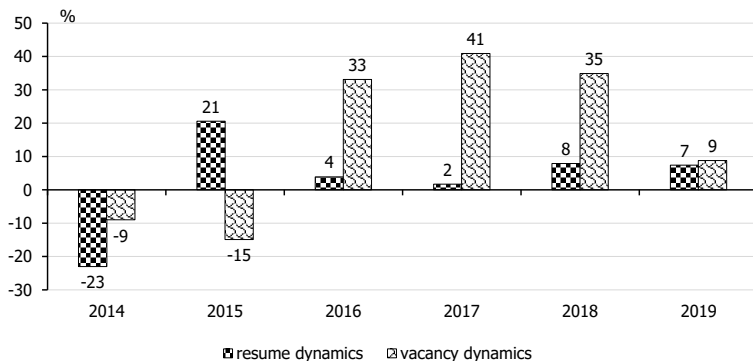


Figure 5. Workforce supply and demand on the state labor exchange (as of the end of the year) in 2010–2019



At the same time, the most popular rabota.tut.by job vacancy website shows the opposite dynamics. In 2018, the number of resumes posted there increased by 13,200 (8%) against 12,400 (7%) in 2019 (Figure 6).

Figure 6. Dynamics of resumes and job openings posted on rabota.tut.by, %



As many as 180,000 resumes were posted on *rabota.tut.by* in 2019. The resume/vacancy ratio increased to 7.1 (7.8 in the first quarter of 2020, 6.4 in 2018). The number of resumes posted on similar sites (*praca.by*, *belmeta.com*, *vakantno.by*, *jobs.dev.by*, *gorodrabot.by*, *joblab.by*, *trud.com*, etc.) also increased in the past two years.

Judging by the ratio of registered and actual unemployment, the proportion of those who addressed employment agencies made up 4% in 2019 (15% in 2015–2016) or, perhaps, even less. Similar ratios of registered and actual unemployment are observed in some regions of Russia, which have data of opinion polls in addition to official statistics. For instance, in 2017, the unemployment rate in the Belgorod Region of Russia was at 3.8% according to the ILO methodology, the rate of registered unemployment being 0.68%, and the percentage of people applying to employment agencies according to an opinion poll was at 0.7%.⁶

This by no means indicates the uselessness of state employment services or their ineffectiveness. “The number of applicants does not largely depend on the agencies’ efforts,” says

⁶ «Службы занятости остаются не у дел.» *Известия*, 06 Mar. 2018, <https://iz.ru/713804/valeriia-nodelman/sluzhby-zaniatosti-ostaiutsia-ne-u-del>.

Vladimir Gimpelson, Director of the Center for Labor Market Studies at the Higher School of Economics.⁷ Among other things, it depends on the size of the unemployment benefit, which is set by the government, rather than the agencies.

It is worth noting that state employment agencies mostly offer low-paid jobs at state-run enterprises (65%) with wages at or below BYN 500, whereas *rabota.tut.by* assists white-collar workers and specialists with higher salaries in private companies. Usually, people try to find jobs on their own through acquaintances and ads, and by posting resumes on social media and on sites like *rabota.tut.by*, and only contact an employment agency if all previous attempts have failed.

The Ministry of Labor certainly understands that the algorithms of communication with those who seek employment agencies' assistance should be reconsidered in order to increase their efficiency.⁸ 2019 saw an innovation-electronic job fairs organized jointly with the Swedish Public Employment Service. The fairs are held several times a year for 3-5 days on *e-vacancy.by*.

Conclusion

The shortage of personnel in the labor market and the imbalance between workforce supply and demand will decrease in the coming years because of a decrease in labor demand and an increase in unemployment under the influence of the COVID-19 pandemic in Belarus and the countries that are its main trading partners. The disproportion between wage growth rates and

⁷ «Затыкание низкоквалифицированных дыр.» *Независимая газета*, 19 Mar. 2008, <https://www.hse.ru/news/1163623/1149101.html>.

⁸ «Современные тенденции рынка труда. Круглый стол.» *БелТА*, 14 Jun. 2019, <https://www.belta.by/roundtable/view/sovremennye-tendentsii-rynka-truda-1156>.

labor productivity in relation to GDP is expected to decrease for the same reason.

It was planned that Belarusian nationals, who are not registered as being employed, would pay the full price of natural gas and heat to be supplied to households from May 1, 2020. If the government will not postpone or cancel this, an increase in social tension and local protests is quite possible.

The labor market is likely to see a further contraction in the next two years. The twenty-year demographic transition in Belarus will not end before the mid-2020s. Until then, the ageing of the population will continue at the same pace as in the previous 15 years, and then this pace will slow down a bit.

The outflow of the working-age population will increase. The Belarusian economy is less prepared to deal with the impact of the COVID-19 pandemic than the countries that provide jobs to Belarusians (Russia, Lithuania, Poland, etc.). As a result, the wage gap will get wider.

The number of foreign labor migrants in Belarus will not change significantly and will not be able to compensate for the outflow of workforce from the country. The migration policy is based on security, rather than economic interests. The Interior Ministry dominates over the Labor Ministry and other agencies in this respect. It will take years for economists to prevail when it comes to migration policies, and a paradigm change to take place.

ENERGY SECTOR: END OF THE OIL AND GAS RENT

Alexander Autushko-Sikorski

Summary

The events in the energy sector that took place in 2019 clearly showed that the period of external energy subsidies finally came to an end. 2018 was a year of growing uncertainty about supplies of cheap energy commodities from Russia, while 2019 and the beginning of 2020 brought up a completely new energy agenda.

At this stage, the Belarusian oil refining industry is looking for a way to maintain profitability, and the Belarusian government needs a strategy to respond to the termination of the oil and gas rent.

Trends:

- Deepening disagreements on the framework and peripheral terms of supplies of Russian crude oil to Belarus;
- Increasing uncertainty about the terms of Russian gas supplies to Belarus;
- Deteriorating foreign market environment for Belarusian oil products.

Gas

In 2019, Belarus imported 20.261 billion cubic meters of natural gas from Russia, almost the same as in 2018 (20.3 billion). The price also remained almost unchanged: USD 127 against USD 129 per 1,000 m³. At the same time, the difference between the price of Russian gas for Belarus and Europe (at the German border) decreased significantly (Table 1).

Table 1. Dynamics of prices of Russian gas for Belarus and at the German border, 2012–2019

	2012	2013	2014	2015	2016	2017	2018	2019
For Belarus, USD per 1,000 m ³	165.50	165.50	170.00	144.00	137.00	130.00	129.00	127.00
At the German border, USD per 1,000 m ³	435.23	413.30	386.00	268.63	160.63	197.90	269.42	156.00
Difference, USD per 1,000 m ³	269.40	247.80	216.00	124.63	24.63	67.90	142.42	29.00

Source: Belstat¹, IMF², author's calculations.

The price for Europe decreased primarily due to the abnormally warm winter and, accordingly, the absence of necessity to take gas from storage facilities. As a result, in February 2020, the monthly price of gas dropped by another 30% compared with the average annual price in 2019. Besides, there were plenty of gas suppliers that offered gas to Europe, first of all, suppliers of liquefied gas, including American.

The comparatively low gas prices set for Belarus have been a factor of stability of its economy for years. However, the last contract on stable supplies of Russian gas to Belarus was signed for 2018–2019, and the government had to put forth considerable efforts to enter into a new contract on more favorable terms, which were a matter of discussion at various levels throughout the year. Belarus mostly insisted on the gas price set for the neighboring Smolensk Region of Russia, arguing that the terms should be equal for Union State entities. Belarus considered USD 70–90 per 1,000 m³ a “fair” price.

¹ Hereinafter: «Внешняя торговля.» Национальный статистический комитет Республики Беларусь, <https://www.belstat.gov.by/ofitsialnaya-statistika/realny-sector-ekonomiki/vneshnyaya-torgovlya/>.

² Hereinafter: “Primary Commodity Prices.” *International Monetary Fund*. <https://www.imf.org/en/Research/commodity-prices>.

Theoretically, the gas price for Belarus could be lowered to the price for the Smolensk Region, provided that Belarus agrees to greater integration with Russia, but this is highly unlikely in the foreseeable future given the shrinking export revenues of Russian gas monopolist Gazprom, an increase in the mineral extraction tax in Russia (MET) and, therefore, the impossibility to subsidize domestic gas prices in Russia.

In late 2019, Belarus signed a protocol on a Russian gas pricing procedure for January–February 2020, which was later extended to the end of 2020. The protocol maintains the volume and the price of Russian gas at the level of 2019 (USD 127 per 1,000 m³).

European gas prices continued to fall in early 2020 to USD 104 per 1,000 m³ in February, which prompted the Belarusian authorities to initiate a revision of the operating gas contract in April 2020. It is hard to predict the result of the revision talks until the expiration of the current protocol.

Oil

The year 2019 saw heated debates on crude oil supply terms. The parties failed to reach a long-term agreement as of early 2020.³ Belarus not only sought to maintain the volumes of supplies at a price considerably below the world price, but also demanded compensation for the tax maneuver in the Russian energy sector.

The tax maneuver aims at the gradual zeroing of the export duty on oil products and a simultaneous increase in the mineral extraction tax in Russia. This suggests a much higher oil price for Belarus, which also loses the export duty that it previously

³ See also Anatoly Pankovski, “Belarus – Russia: Two decades of regressive integration” in this *Yearbook*.

kept for itself. As a result, Belarus' budget loses revenues, and the Belarusian oil refineries, which used relatively cheap Russian oil, lose revenues from the sale of oil products at world prices.

As can be seen from Table 2, the volume of exports of Belarusian oil products refined from Russian oil and export revenues declined last year, among other things, due to a decrease in the difference between the prices of Russian oil (Urals grade) for Belarus and on world markets.

Table 2. Rates of exports and imports of Russian oil and Belarusian oil products on world markets, 2013–2019

	2013	2014	2015	2016	2017	2018	2019
Oil import in physical terms, million metric tons	21.7	22.5	22.9	18.1	18.0	18.2	18.0
Import cost, USD billion	8.188	7.625	5.663	3.475	5.292	6.800	6.580
Oil price, USD per metric ton	386.8	338.9	247.3	192.0	294.0	373.6	365.5
Price of Russian oil on the world market, USD per metric ton	826.9	820.0	720.0	363.9	388.7	513.7	468.5
Oil product export in physical terms, million metric tons	13.56	13.76	16.58	13.00	12.30	11.90	10.50
Oil product export revenue, USD billion	10.15	9.85	6.83	4.04	5.34	6.50	5.20
Oil product price, USD per metric ton	748.76	715.98	403.50	311.00	434.14	546.20	495.23

Source: Belstat, IMF, author's calculations.

Belarus stated several times in the first months of 2019 that the tax maneuver was inadmissible, and that Russia breached the EEU Treaty. The Belarusian government announced that the country would find alternative sources of oil, to which Russia answered something like “suit yourself.” After that Belarus announced a rise in the tariff for Russian oil transit through its territory.

The economic results of Belarus' attempts to diversify oil supplies are well illustrated by the attempt to import oil from Venezuela in 2010–2012. More expensive oil became even more expensive due to the haul distance and high transportation costs (Table 3).

Table 3. Cost of supplies of Venezuelan oil to Belarus, price difference with supplies of Russian oil, 2010–2012

	2010	2011	2012
Venezuelan oil price including transportation costs, USD per metric ton	656.00	847.75	939.30
Price of Russian oil for Belarus, USD per metric ton	460.00	459.00	398.00
Price difference, USD per metric ton (Venezuelan minus Russian for Belarus)	-196.00	-388.75	-541.30

Source: Belstat, author's calculations.

In late April, Belneftekhim reported the supply of Russian substandard oil contaminated with organochlorine compounds through the Belarusian pipelines. Russia first said that it was an incident, and later accused its small oil suppliers of oil theft concealment through diluting oil in the pipeline. However, taking into account the tension caused by Belarus-Russia quarrels over oil supplies, the costly upgrade of the Belarusian oil refineries, dependence of the Belarusian economy on the petrochemical industry and the details of what was happening (organochloride is too expensive to conceal theft), the incident looks more like a deliberate act of sabotage of the Belarusian oil industry. Contaminated oil damaged equipment at the Mozyr refinery and led to suspension of Russian oil supplies to Europe, the export of Belarusian oil products and, accordingly, to a slowdown in the latter's GDP growth.

The parties held a series of talks at various levels on the terms of further supplies of Russian oil to Belarus, but failed to achieve

a positive result. As of the beginning of 2020, Belarus and Russia did not even enter into an annual oil supply agreement, and only coordinated a supply plan. Besides, Russia completely abolished the so-called “customs re-clearance”, which enabled Belarus to keep export duties on 6 million metric tons of Russian oil.

Russia is reluctant to provide Belarus with oil at a reduced price, linking preferential supplies (which the Russian leadership began to call “direct subsidies” to the Belarusian economy) with greater political and economic integration under the Union State Treaty. Intergovernmental ad hoc groups reportedly made an official list of integration roadmaps, but their work came to a standstill by the end of 2019. The events that took place in that period and statements by Belarusian officials made it clear that profound integration by the Russian scenario was impossible, since the price for continued preferential oil supplies is too high.

Russia suspended oil supplies in early 2020, so the Belarusian refineries began to take process oil from “Druzhba” branch pipelines to avoid refinery interruptions. Also, Belarus began to purchase oil from sources alternative to Russia, but the volume remained too low to ensure the full utilization of the refineries’ capacities.

Electric energy and tariff policy

Electricity tariffs in Belarus changed twice in 2019 (in January and July). A new price differentiation scheme was introduced in July: prices were separately set for the peak hours of the day, evening and night.

The base rate increased from BYN 0.1484 to 0.209 per kWh. The difference between the tariffs for households and the real sector significantly decreased by the end of the year compared with previous years: 7.05 U.S. cents for households and 12.31 for the real sector in 2018 against 7.1 and 10.0 cents, respectively

in 2019. Although cross-subsidization of electricity tariffs did not fully stop, this was, perhaps, the most noticeable decrease in the difference in the tariffs for households and the real sector in recent years.

A complete abolition of cross-subsidization requires an even greater reduction in tariffs for enterprises and their increase for households. For comparison, there is no cross-subsidization in the neighboring countries of the European Union, where the tariff for households is significantly higher than the tariff for the real sector: 11.90 and 7.32 eurocents (net of taxes and duties), respectively, in Estonia, 11.7 and 7.5 eurocents in Latvia, 8.6 and 7.36 eurocents in Poland, and 7.9 and 7.2 eurocents in Lithuania.

The launch of the first power unit of the Belarusian nuclear power plant, which was initially scheduled for the autumn of 2019, was postponed to the first quarter of 2020 and then to July 2020 due to delays caused by the COVID-19 pandemic. Other important changes regarding the NPP operation primarily concerned the electricity sales markets. Estonia, Latvia and Ukraine made purely declarative statements on the possibility of procurement of electric energy to be generated by the Belarusian NPP.

Conclusion

The year 2020 will be hard for the Belarusian economy due to a sharp reduction in the difference between oil and gas prices for the region and Belarus, as budget revenues fall caused by a decrease in export duties and the abolition of the customs re-clearance scheme. A decrease in profitability of the Belarusian oil refineries will produce a multiplier effect on related industries in addition to export and import shocks of 2020 and subsequent production and employment problems.

The Belarusian energy sector is mainly affected by a global decline in prices of oil and oil products, the coronavirus pandemic and foreign policy hardships, first of all Russia's unwillingness to continue oil subsidies to Belarus without deep integration against the backdrop of increasing problems in the Russian economy.

Belarus tried to diversify oil supplies in early 2020, but the terms will undoubtedly be much less beneficial, as evidenced by the import of Venezuelan oil.

Belarus will grab the opportunity to procure the required amount of oil at low prices for a while in 2020 and demonstrate Russia its ability to diversify oil imports. However, favorable supply opportunities will hardly last long. By the end of 2020, Belarus may achieve a compromise short-term agreement with Russia on oil supplies at a price higher than before, but lower than it could be.

It would be the best choice for Belarus to continue diversifying supplies and build infrastructure. Belarus can pump oil from Poland in the reverse mode, which is technically possible, modernize the pipeline that runs from Latvia, accelerate the upgrade of the oil refineries, connect them with a pipeline, and cut oil purchases to maintain profitability of the oil refining sector, because the current volumes purchased for processing are impractical due to high logistics costs.

Belarus was rightly called a "rentier" given its dependence on Russian oil and gas, which, in many respects, secured stability of the political regime. However, the relative stability of preferential supplies distracted from considering the prospects for the political regime, taking into account the peculiarities of its 'financing.' In fact, the oil and gas rent shock that occurred in 2019 and early 2020 makes Belarus some kind of a late-rentier state, in which the rent generation infrastructure (not only physical) becomes an infrastructure for supporting development and diversification of the economy as a result of changes

in the behavior of the political regime following a number of economic shocks and growing socio-economic contradictions within the country.⁴

⁴ Gray, Matthew. "A Theory of 'Late Rentierism' in the Arab States of the Gulf." *Georgetown University School of Foreign Service in Qatar*, 2011.

FOREIGN INVESTMENT: IT IS AN ISLAND

Maria Akulova

Summary

Only the *information and communication technology* sector continued to generate stable investment demand in 2019. It was effective in attracting investment not only because of the preferences granted to the industry, but also thanks to businesses' determined efforts to raise investment funds as a well-proven tool for expansion in the market. However, in general, Belarus still lags behind other countries in terms of the investment attractiveness.

Trends:

- Low activity in the M&A market, except for IT projects;
- Difficulties in raising funds from external sources, and orientation to the domestic portfolio investment market;
- Continued efforts of the government to create a favorable investment climate.

In 2019, foreign investments increased considerably year on year to USD 2.4 billion against USD 1.47 billion in 2018¹, largely because Belarus was a net borrower last year, while 2018 saw net lending to the rest of the world, mostly through the retirement of Eurobonds placed in 2011.

Belarus' foreign debt decreased 1.6% to 27.1% of GDP (USD 17.15 billion) as of January 1, 2020 against 29.1% and USD 17.42 billion, respectively, a year before. The aggregate foreign debt

¹ «Платёжный баланс, международная инвестиционная позиция и валовой внешний долг Республики Беларусь / Предварительные данные.» Национальный банк Республики Беларусь, <http://www.nbrb.by/publications/BalPay/balpay2019.pdf>.

increased 3.7% to USD 40.75 billion as of January 1, 2020 to compare with USD 39.29 billion a year before.

Foreign direct investment

No fundamental changes in attracting foreign direct investment occurred in 2019. The net FDI target for 2019 was set at USD 1.6 billion.² Belarus managed to raise USD 1.27 billion in FDI, which is less than in 2018 (89.3%, FDI receipts standing at USD 1.43 billion).

As in all previous years, FDI was mostly constituted by re-invested profits of Belarusian financial and non-financial organizations (USD 0.7 billion). This amount stood at USD 0.8 billion a year before. New investors and technologies brought USD 0.4 billion, which is also less than in 2018 (USD 0.54 billion). In general, investors showed less interest in the country in 2019 compared with the previous year.

The insignificant contribution of foreign investment to the industrial sector remains unchanged: only 14.7% of total FDI³ (16.3% in 2018), which is quite insignificant given constantly growing competition. Today, sustainable development of the economy is impossible without a rise in innovation and technological effectiveness, which are directly dependent on the quantity and quality of foreign investment into the national economy.

² «О задачах социально-экономического развития Республики Беларусь на 2019 год. Указ Президента Республики Беларусь № 483.» *Национальный правовой интернет-портал Республики Беларусь*, 23 Dec. 2018, <http://pravo.by/document/?guid=12551&p0=P31800483&p1=1>.

³ «Объём инвестиций, направленных из Республики Беларусь за рубеж, по видам экономической деятельности за 2019 год.» *Национальный статистический комитет Республики Беларусь*, https://www.belstat.gov.by/upload-belstat/upload-belstat-excel/Oficial_statistika/2019/invest-2019g-20.02.12.xls.

Privatization of state property

Privatization remains frozen, and nothing suggests that this would change any time soon. In January 2019, the State Property Committee compiled one more list of OJSCs for sale. The list contained 23 assets, which had been offered for privatization for several years now. The number of such assets is constantly decreasing: 38 in 2018 against 43 in 2016. The government, apparently, does not count on raising funds from the sale of state property.

The sale of the state-owned stake in *Belvest* shoe factory in summer 2019 is almost the only successful transaction with the participation of state last year. The repurchase of a 55% stake took place under two conditions: to maintain the average number of employees at least at the level of January 2019 and to invest 30 million Belarusian rubles (BYN) or over in an upgrade of production facilities.

The deal on the sale of a state share in the Baranovichi Dairy Plant OJSC was closed in late December 2019. *Savushkin Product* OJSC purchased a 50.6% stake for BYN 48.3 million. The new owner must maintain the jobs and the average wage at the enterprise, and invest at least BYN 10 million to increase the plant's capacity.

The situation remains basically the same: low efficiency of state-owned JSCs, high selling price, additional conditions, and, most importantly, far too long negotiations. All this has a negative impact on investment demand.

Privatization in the private sector

Unlike the public sector, the private sector is more active in seeking external financing. The acquisition of the *Zabotlivaya Apteka* (*Caring Pharmacy*) drug-store chain by Apteka Group was among the most significant transactions. The amount was

not disclosed. It is estimated to be one of the largest transactions in the pharmaceutical industry of Belarus.

One more acquisition was made by the Swiss Sika AG chemical company, which bought BelINECO, the Belarusian manufacturer of polyurethane foams.

Zubr Capital private equity firm in partnership with the European Bank for Reconstruction and Development (EBRD) bought 20% of Mila, one of the largest suppliers of color cosmetics, perfumes and household chemicals. The transaction amount has not been disclosed. It presumably ranges from USD 3 to 10 million.

As in the past few years, IT projects generated profound investment interest. According to preliminary estimates, in 2019, residents of the High Technology Park (HTP) raised around USD 2 billion through the export of their services. Investments in the real sector are quite often much smaller than required, but the main difference is that the companies themselves are interested in finding investors.

PandaDoc is an example of success in this respect. The company raised USD 10 million in 2019 from several sources that had previously invested in it: the EBRD, *Rembrandt*, *Altos* and *Silicon Valley Bank* and *Microsoft*. *PandaDoc* raised around USD 30 million in total, which enabled the company to grow and increase its presence in Belarus and the United States.

Capital Times invested in *Altaras* food company, which works on the *Beesender* platform for connecting chat bots to corporate business processes. The exact amount is unknown.

Blinger, the developer of a helpdesk system for business clients, raised USD 500,000 from *Admitad Invest*. *MobiWise*, which develops a platform for promoting educational applications, received USD 100,000 from local investors.

Swag Masha game design studio was bought by *My.Games*, which is part of Mail.ru Group. *Playrix*, one of the global leaders in mobile app development, invested in *Vizor Games* computer

games developer. Belarusian *Belka Games* and *AppLovin* entered into an investment agreement.

Yamoto Samokato startup, which develops software for sharing companies, has successfully closed an angel round of funding in the amount of USD 1.5 million. A minority stake in *MediaCube* became part of the Zubr Capital's portfolio. Proceeds will be channeled into their ecosystems for video creators and musicians.

Medical projects continue to be of high interest. *Healthy Networks* startup (respiratory problems diagnosis) closed the seed round of venture investment, and received around USD 925,000 for a wireless (Bluetooth) stethoscope and the *Lung-Pass* application for the Belarusian and other European markets. *Flo Health* raised USD 7.5 million from *Founders Fund* to develop its product and enlarge the team. The total amount of the funds raised stands at USD 20.5 million.

EPAM Systems bought 100% stakes in German *Test IO* (developer of a cloud platform for testing), Russian *Competentum* (educational platforms), Israeli *NAYA Technologies* and its American subsidiary *NAYA Tech* (data management).

Bulba Ventures investment company, which continues to invest in high-tech projects, is worth attention. In spring 2019, the company launched in summer the computer vision-based *VOCHI* project and *GERO* anti-aging methods searcher, and invested in the AI-based *ZENIA* yoga application with individual approach to each user.

Importantly, almost all IT companies that managed to raise funds use them to develop their products and expand businesses. Many of them are able not only to increase their incomes in the future, but also make a social difference at the national level. The IT sector is a vivid example of how important the active position of product manufacturers is when potential investors are looked for.

Turkish *Guris Holding* stands out in the Greenfield investment segment. The company is going to build a 25 MW wind

park in Belarus. The estimated investment stands at USD 40 million. Chinese *Merchants Shekou Holdings* and *Sichuan Chengdu Xingcheng Investment Group* have reached an agreement on the construction of a business center in the Great Stone Industrial Park. According to preliminary estimates, the investment will total around USD 30 million. An agreement was also reached with German *Recom AG* on the construction of a plant for production of photovoltaic modules and solar panels.

Portfolio investment

It would be wrong to say that 2019 showed better progress in external borrowing by means of floating government bonds on foreign markets than the past few years. In fact, there was only one major placement. In August, Belarus floated its bonds worth 10 billion Russian rubles (RUB) on the Moscow Exchange. The maturity period is three years, and the coupon rate is 8.95%.

Last year, the government continued placing securities on the domestic market. The total amount of bonds denominated in foreign exchange reached USD 800 million in equivalent. The target for 2020 is USD 1.35 billion in Eurobonds. However, the outlook is not very optimistic given the situation on the oil market, the COVID-19 pandemic and the global recession.

Tokenization of Eurobonds took place for the first time in 2019. Belarus currency.com crypto currency exchange issued tokens secured by bonds. One token equals one bond worth USD 1,000 at 4.2% per annum.

The corporate segment also actively used this tool to raise funds, USD 435 million in total in 2019. *Eurotorg* accounted for 14.3%, Belarusian Railway – 18.4% and *Conte-Spa* – 20.7%. *Eurotorg* was Belarus' first corporate issuer to enter the Russian securities market. Last year, the company placed its 10-year corporate bonds on the Moscow Exchange twice to the total of RUB

10 billion at a 10.95% coupon rate. The Development Bank of the Republic of Belarus placed its three-year Eurobonds worth BYN 210 million at 12% per annum on the domestic market.

Other foreign liabilities

Belarus' net external liabilities increased in 2019 by USD 43 million to USD 590 million. USD 1.5 billion was allocated to pay off the foreign debt, including to Russia, China and the Eurasian Fund for Stabilization and Development (EFSD).⁴

Belarus was waiting for the last, *seventh* tranche under the EFSD loan program in 2019, but was turned down due to the failure to meet the set terms. Russia, however, agreed to lend USD 600 million to refinance Belarus' foreign debt.

China remains the second largest lender. Belarus borrowed CNY 3.5 billion (USD 500 million) from China in a term loan in late 2019.

Negotiations with the IMF on a new loan program did not resume in 2019, basically because the IMF wants Belarus to begin restructuring and enhance the efficiency of the public sector.

Measures to attract external financing and improve the investment climate

Council of Ministers' resolution No.374 of June 11, 2019⁵ approves the draft memorandum of cooperation with the EBRD

⁴ «Государственный долг на 1 января 2020 года.» Министерство финансов Республики Беларусь, http://www.minfin.gov.by/ru/public_debt/pressreleases/4c6b30d611354542.html.

⁵ «О проведении переговоров по проекту Меморандума о взаимопонимании между Правительством Республики Беларусь и Европейским банком реконструкции и развития касательно сотрудничества в поддержку Совета по иностранным инвестициям и его подписании.» Националь-

on elevating the status and improving effectiveness of the Foreign Investment Council. The EBRD stated its willingness to finance activities of the Council for *three* years, and then assist in attracting foreign capital. The Council is to include not only officials, but also heads of international organizations that have already invested in Belarus or plan to do that.

*Draft strategy for attracting foreign direct investment for the period to 2035*⁶ prepared by the Ministry of Economy is expected to be some kind of a roadmap and to identify key areas to make Belarus more attractive in terms of investment in comparison with the neighboring states. This draft suggests that the Belarusian leadership is aware of the role and the need of foreign capital for sustainability and competitiveness of the national economy.

Conclusion

The plans for 2020 involve raising at least USD 1.7 billion in foreign direct investment. The amount will apparently be much smaller due to the global recession that, among other things, stems from the COVID-19 pandemic. According to the United Nations Conference on Trade and Development (UNCTAD)⁷, global FDI may be fall by 40%, which will obviously affect Belarus' performance in Greenfield investment and M&A deals.

ный правовой портал Республики Беларусь, <http://pravo.by/document/?guid=12551&p0=C21900374&p1=1&p5=0>.

⁶ «Об утверждении Стратегии привлечения прямых иностранных инвестиций в Республику Беларусь до 2035 года.» Правовой форум Беларуси, http://forumpravo.by/files/Proekt_postanovlenie_SM_Strategia_privlechenia_inostrannykh_investicij.pdf.

⁷ “Impact of the COVID-19 pandemic on global FDI and GVCs.” UNCTAD, https://unctad.org/en/PublicationsLibrary/diaeiainf2020d3_en.pdf.

Eurobond placements are also unlikely in 2020. Most probably, they will be postponed to 2021. Placements of government bonds in foreign exchange on the domestic market will continue, but demand will also be significantly lower than in previous years due to the economic downslide.

The absence of structural economic reforms remains the main factor that constrains the inflow of capital, technologies and innovations to Belarus. In the present conditions, the government will have to be more flexible and accept the IMF terms on the country loan program, which would accelerate the economic recovery and enhance its sustainability and competitiveness.

IT SECTOR: RAPID GROWTH AND POLITICAL EMPOWERMENT

Olga Loiko

Summary

Rapid growth of the information and communication technology sector continued in 2019 against the backdrop of a modest 1.2% growth of the national economy. The IT industry's gross value added increased 9.3%. It accounted for nearly a half of GDP growth (0.5 percentage points).

A significant expansion of businesses of the High Technology Park (HTP) residents gave access to numerous incentives for national business and foreign investors. Criticism of the HTP as an "IT offshore", which is believed to be only beneficial to its residents, was basically ungrounded, given its scientific accomplishments. The amount of taxes paid by one HTP employee (income tax, VAT and excise taxes from consumption) was 374% larger than the country's average outside the IT industry.

Belarus launched two crypto currency exchanges and one platform for tokenized assets. At the meeting with representatives of IT businesses held in April 2019, President Alexander Lukashenko promised to continue comprehensive support for the industry.

Trends:

- Creation of a favorable environment for IT business by the central authorities;
- Rapid growth of the IT industry amid slowing growth of the rest of the economy;
- Active attraction of foreign direct investment; improvement of the country's image;
- Exploration of highly innovative areas, such as crypto exchanges, operations with tokens, platforms for tokenized assets, etc.
- Buildup of the High-Tech Park as a political project.

HTP as a growth point

Over the past decade, the economic input of the Belarusian IT industry increased considerably. In 2009, the share of the IT sector in total GDP made up 2.3% against 6.2% in 2019. For comparison, the share of agriculture, forestry and fishery industries, which are no less important to the Belarusian economy, decreased over this period from 8.1% to 6.8%.¹ The share of computer services in total exports of services increased from 4.5% in 2010 to 18.0% in 2018, being only behind transport services.

In 2018, the first year of effect of decree No.8 on digital economy development, which granted tax and legal preferences to IT companies, the High-Tech Park boosted its exports by 38% year on year to USD 1.414 billion. The HTP operations continued to gain momentum in 2019. In just one year, HTP resident companies' output in monetary terms increased 62% year on year to BYN 5.177 billion. The Park's output growth outpaced the IT industry growth rate in Central and Eastern Europe (20–25%) and the whole world (4–5%).

HTP residents increased exports in 2019 by 55% to USD 2.195 billion. This is more than Belarus spent on servicing its external debt last year (USD 1.5 billion) or raised in foreign loans (USD 1.6 billion).

HTP's exports constituted 21% of Belarus' total exports of services. The Park's foreign trade surplus, which increased by USD 2 billion, helped rectify the situation with Belarus' foreign trade in goods and services, which showed a USD 243 million deficit. This deficit would be 9 times larger without the HTP.

In 2019, the HTP contributed a lot to GDP growth by 0.28 percentage points. The entire IT industry accounted for

¹ Лузгина, Анастасия. «Цифровая трансформация национальной экономики: вызовы и перспективы развития.» *Банкаўскі веснік*, 16 Mar. 2020, <https://www.nbrb.by/bv/articles/10738>.

0.5 percentage points of total 1.2% GDP growth. The contribution of the HTP alone was comparable with the contribution of the entire industrial sector (0.3 pp), construction or agriculture (0.2 pp each).

The value of HTP to the economy increased in early 2020, as Belarus and Russia failed to agree on long-term oil supply contracts. For example, IT companies' exports increased in January 2020 by another 35%, exceeding the export of Belarusian oil products.

The number of new HTP resident companies continued to increase. There were 319 residents in 2019; 82 new ones were admitted as of April 2020 to a total of 818 residents. HTP companies created 13,700 new jobs. In 2017–2019, the Park employed over 33,000 people, the average salary standing at BYN 4,700 as of the end of the year against BYN 1,238.7 on the national average. The industry was attractive not only for Belarusians. According to the Interior Ministry, around 1,800 foreigners arrived in Belarus in 2018–2019 to work in the High-Tech Park.

The contribution of various sectors of the economy to the Belarusian budget largely depends on taxation regulations and tax benefits provided to individual enterprises and lines of business, as well as on government subsidies. HTP residents paid 11.43% of their revenues in 2018 in aggregate taxes. In 2019, tax payments to the budget by HTP residents totaled BYN 302.3 million (up by nearly 25%), which is more than taxes paid by all enterprises of the Ministry of Construction and Architecture (BYN 297.0 million), the Ministry of Industry (BYN 140.7 million) and the Ministry of Agriculture (BYN 81.6 million).²

An average HTP employee paid 4.6 times more income tax, 4.8 times VAT and 5.5 times excise taxes than the national

² «Доходы бюджета в 2019 году.» Министерство по налогам и сборам Республики Беларусь, nalog.gov.by/ru/postupleniya-v-razreze-organov-sudarstvennogo-upravleniya-2019/.

average. Despite the granted benefits, the effective income tax rate is only 1 percentage point lower than the effective rate set for the average worker employed in the economy. Although the rate of deduction to the Social Protection Fund is significantly lower, the average HTP employee paid more in relation to the average salary, than the average worker employed in the economy, and 1.25 times more in absolute terms.³

The HTP's economic efficiency was 2.5 times higher in 2019 than the efficiency of the entire economy. As of the end of 2019, the Park employed around 61,000 people or 1.4% of the country's workforce, thus accounting for 3.5% of GDP.

Image and investment

Insignificant foreign direct investment has long been a problem for Belarus. Foreign investors are not in a hurry to enter the market of Belarus, which is reluctant to foster privatization and takes ineffective efforts to improve the investment climate. The situation is different when it comes to the Belarusian IT industry. HTP resident companies are of profound interest to investors, including large IT corporations.

According to the HTP administration, more than 40% of the residents are enterprises with foreign capital. The Park hosts 90 development centers of foreign corporations. Resident companies report a total of USD 285 million in FDI. Mobile apps designed in Belarus are downloaded more than 200 million times a month, which is comparable with the number of applications installed via Facebook.

In the third quarter of 2019, Belarusian *SayGames* mobile games developer was ranked world's third in terms of the

³ Шиманович, Глеб; Чубрик, Александр. «Парк ненулевых налогов: Оценка вклада ПВТ в бюджет Беларуси.» *Исследовательский центр ИПМ*, 08 Apr. 2019, www.research.by/publications/sr/0002863/.

number of downloads of its applications (300 million per quarter) after *Facebook* and *Google*. *Wannaby* used its augmented reality technology in the *Gucci* online store. HTP residents' *FLO* and *Tesla Suit* projects were named the most innovative in the world at CES-2019, the largest technology exhibition in Las Vegas.

Belarus' second problem—its international image—was also resolved last year with the help of the HTP. The Park was visited by more than 120 foreign delegations, including ministers, deputy ministers and presidents. The U.S. Secretary of State Michael Pompeo went to the HTP in February 2020. “Inspired by what I saw at Hi-Tech Park Belarus. A great example of how Belarus can seize its extraordinary growth potential by embracing forward-looking economic policies and smart regulation. It’s clear how impactful American investment can foster prosperity across the globe,” he wrote on Twitter. The Park numbers 62 companies with American capital. The export of software to the United States exceeded USD 900 million in 2019. It was simply impossible to find another equally significant site for the American guest to see.

The president of Belarus traditionally speaks with IT people at least once a year. When in the HTP in April 2019, he promised comprehensive support to the Park. “We have taken this path, and we will not intentionally deviate from it. We will go straight forward. If you need support in addressing acute issues, which we don’t want to be today, consider it done. I have backed you, and I will, because, essentially, you are my children. I raised you to the best of my ability, and then you grew up, and began suggesting where we should go. We will move in this direction as efficiently as you want,” A. Lukashenko said.⁴

⁴ «Посещение государственного учреждения “Администрация Парка высоких технологий”.» *Официальный интернет-портал Президента Республики Беларусь*, 12 Apr. 2019, president.gov.by/ru/news_ru/view/

In October 2019, he seconded the proposal of the IT community to establish an IT university. The expansion of the influence of the IT sector on the most conservative area in Belarus – education – can be considered the second largest achievement of IT lobbyists since the adoption of presidential decree No.8.

Crypto republic of IT country

“You want a crypto currency, a crypto exchange, mining, farms, whatever... We will go this way,” A. Lukashenko said to IT specialists in October 2019. Presidential decree No. 8 legitimized crypto currency exchanges, exchange operators, mining, tokens, etc. Operations with tokens are exempt from income tax and VAT until January 1, 2023.

In November 2018, the HTP Supervisory Board approved regulations on the crypto currency industry operation, stating that all companies that are allowed dealing with crypto currencies shall abide by the zero tolerance policy towards laundering funds obtained through criminal activity in accordance with the FATF recommendations. The HTP is to closely look at the owners of resident companies, their financial standing, and the origin of their assets.

In January 2019, VP *Capital* of Victor Prokopenya and *Larnabel Ventures* of Said Gutseriev invested in *Currency.com*, Belarus and CIS’ first legal crypto exchange. The company reported over USD 1 billion in turnover and 100,000 customers in 2019.

The second crypto exchange, *IXchange*, launched by *Cryptotrade* was registered in July.

BeLVEB, one of the six systemically important banks of Belarus, opened *Finstore.by* investment platform in November.

poseschenie-gosudarstvennogo-uchrezhdenija-administratsija-parkavysokix-tekhnologij-20868/.

It hosts ICOs of Belarusian companies, the Minsk Automobile Plant (MAZ) and Belvest among them. Finstore registered 1,278 investors in just *four* months, and the amount of funds raised reached USD 4.1 million. The platform seeks the status of a regional financial hub, inviting non-resident investors to contribute to high-tech and real sector projects.

The national financial market remains underdeveloped. Belarus was ranked 59th out of 65 countries in the Global Fintech Index 2020 (for example, Lithuania was ranked 4th).⁵ The favorable legal environment can help Belarus finally make a breakthrough and offer domestic and foreign investors financial tools they want.

The archaic law on measures to prevent legalization of proceeds from crime, financing of terrorist activities or proliferation of weapons of mass destruction is an obstacle to Fintech development in Belarus. At the same time, amendments to the law make it possible to open bank accounts online.

Conclusion

Hard times began for outsourcers as COVID-19 broke out. Fearing the approaching crisis, customers cut spending, including on contractors. The pandemic will accelerate the reorientation of the country from outsourcing to production. What was expected to happen in the next five years will happen in 2020.

The increase in the share of production companies in the HTP gives reason to believe that the entire industry will continue to grow even in the face of a global economic recession, given that it was the production companies that proved to be

⁵ “The Global Fintech Index 2020.” *Findexable*, https://findexable.com/wp-content/uploads/2019/12/Findexable_Global-Fintech-Rankings-2020ex-SFA.pdf.

the most viable. Many products that originate from Belarus have shown growth: games, crypto exchanges, health apps, online education, etc. Regardless of the duration of the pandemic, accelerated digitalization of all sectors of the economy, including healthcare, education, and trade, will be strongly required.

Against the backdrop of permanent problems in other industries, the state will probably begin to take the IT industry seriously, and will speed up the adoption of the HTP 3.0 decree, which has been discussed for almost a year now, primarily in the field of IT education.

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