№ 15 (May and June 2020)

MINSK BAROMETER

Monitoring of foreign policy and regional security

Dear readers!

We gladly present the fifteenth issue of Minsk Barometer, which analyzes Belarus's foreign policy and security status in the months of May and June of 2020.

Belarus and **Russia** were focused on their respective internal challenges; certain stabilization of the relationship was visible, albeit with no revision of the terms of Russian crude oil and natural gas supplies.

The pandemic remains the key driver in Belarus's relations with the **European Union**. The second important factor is the presidential campaign in Belarus, which started to have a markedly negative impact on the Belarus–EU relationship as early as its initial phase.

The areas of engagement with **China** expanded compared with the previous period; humanitarian cooperation remained highly relevant.

Trade and economic relations with the **U.S.** are also on the rise. For the first time, a tanker of U.S. crude oil was delivered for processing in Belarus. This foreign policy area is also beginning to be influenced by the presidential campaign, though.

The regional **security** situation has deteriorated. The Belarusian state was a lot less concerned about military security, whereas in terms of national security, a new trend emerged towards linking the elections to national security. This leads to the growing importance of security agencies in Belarusian politics. Against the backdrop of the country's complicated relationship with the Kremlin, Minsk was working to maintain diversification of international military ties.

Yours respectfully,

Dzianis Melyantsou,

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Minsk Dialogue Council on International Relations,
Belarus's Foreign Policy Programme
Coordinator

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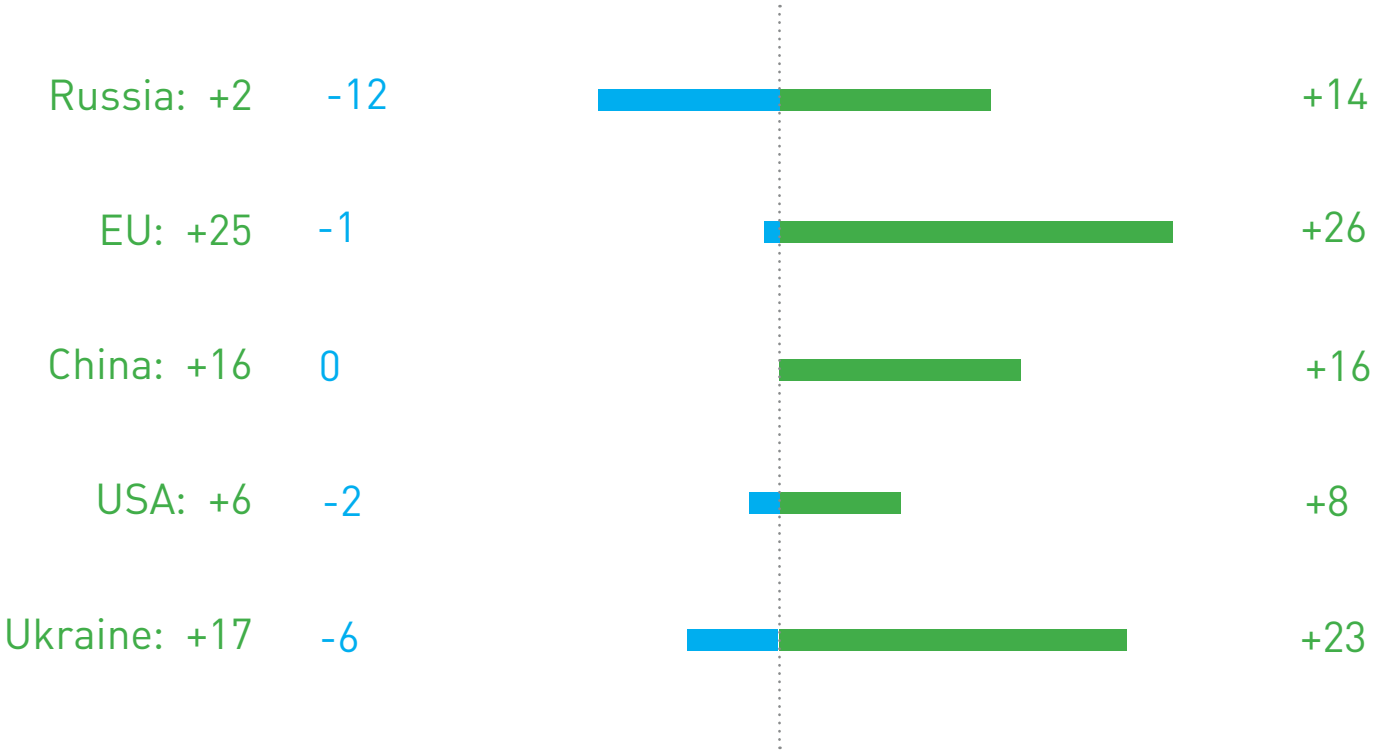
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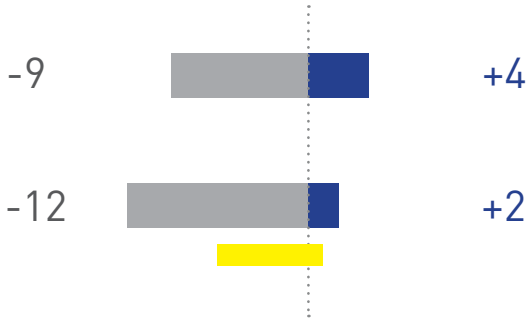
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Relations development indices:



Security:

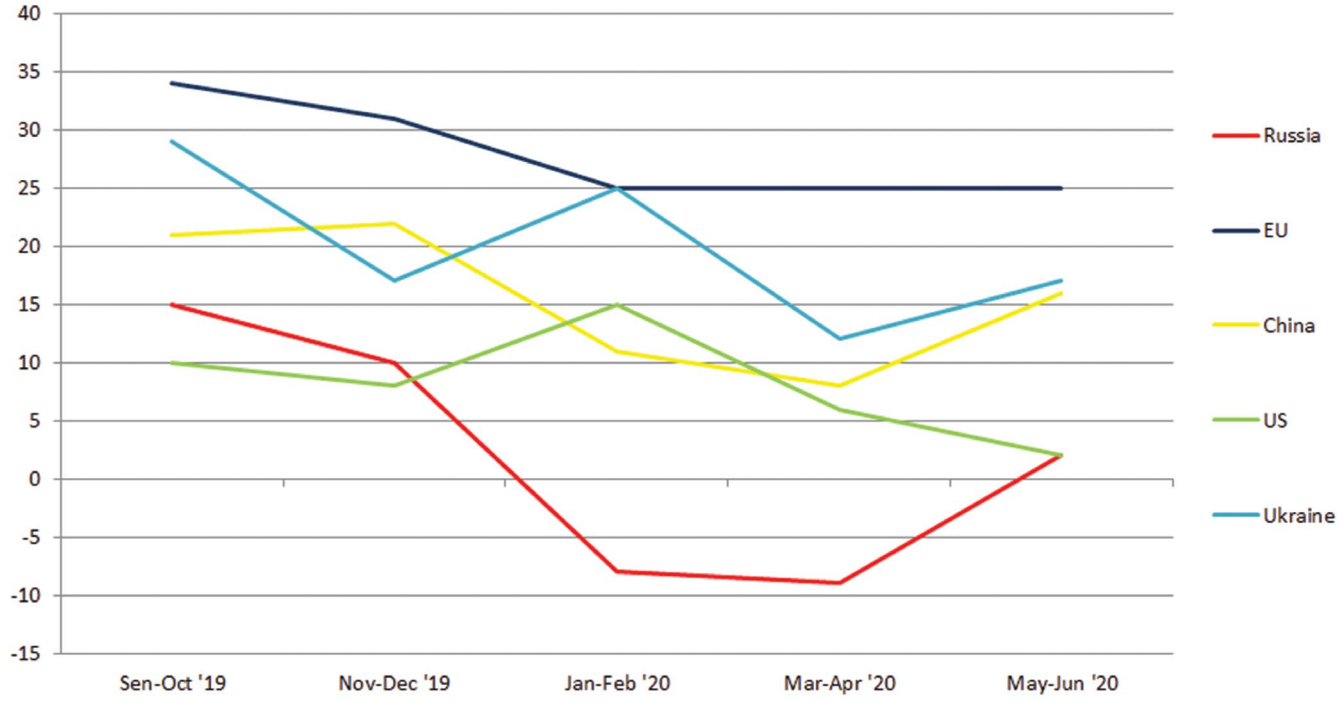


National: -5

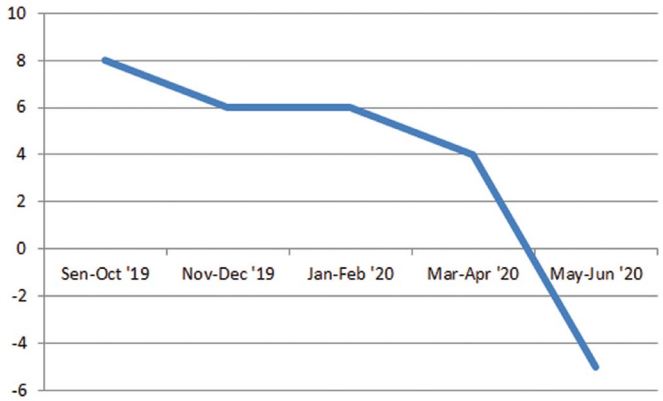
Level of regional tension: -10
(yellow level)

The yellow level indicates that military and other activity is observed that is capable of bringing about escalated tension. The situation calls for close attention.

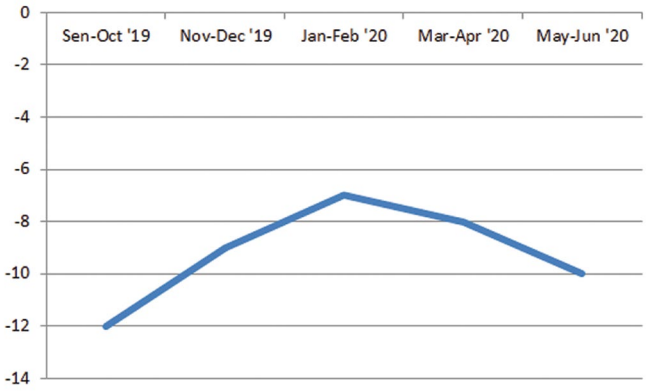
Dynamics of foreign policy indices



National security



Level of regional tension



Relationship with Russia



Aggregate index: +2
Positive points: +14
Negative points: -12

Trends

1. Belarus and Russia focused on internal issues, specifically those related to the election campaign in Belarus and the constitutional referendum in Russia;

2. Certain stabilization of the relationship was observed; however, the terms of Russian crude oil and natural gas supplies were not revised;

3. The policy to fight COVID-19 stopped being a source of conflict, but remains a reason for the closed borders.

Developments and processes

Political agenda

In May and June, the political background of the relations between Belarus and Russia was mostly shaped by the countries' focus on their internal challenges of political transition. During the two months under review, Russia partially resolved two of the three crises we referred to in the previous issue (the COVID-19 crisis and the political crisis), became more stable and, accordingly, less sensitive to criticism. The economic crisis remains on the agenda.

The situation with COVID-19 peaked and then stabilized: so far the pandemic in Russia has progressed in line with the patterns that are common for the rest of the world. The tension between Belarus and Russia originally caused by Belarus's criticism of Russia's choice of its anti-coronavirus policy subsided. The two reasons were the markedly less severe criticism and Belarus's partial recognition of the pandemic-related challenges typical of other countries of the region and the world as well.

The voting on the amendments to the Constitution of the Russian Federation took place on July 1 — and tensions associated with Russia's political transit had considerably eased by that day — as the algorithm underpinning the decision had already been found and partially implemented (in many respects it had been borrowed from Belarus's experience).

In Belarus, the tensions connected with the election process persist, but the accusations of Russia's interference in the country's internal affairs were adjusted and reduced to the accusations of some Russian elites (dubbed "puppeteers").

Russia maintains its policy of ultimatums on Belarus: either more pragmatic relations or deeper integration, but there are indications that the criteria for both options might be eased in the foreseeable future.

Tensions still remained with respect to the conditions of Russian natural gas and crude oil deliveries to Belarus, Russian loans committed to Belarus, including those to finance the construction of the nuclear power plant, interstate cooperation in trade, border crossing, and defense. The Belgazprombank case stands somewhat aside from the traditional lines of engagement.

Cooperation within the EEU, in terms of historical memory and anti-COVID-19 policy evolved relatively serenely.

Crude oil

With oil prices dropping, the conflict around crude oil supplies became markedly less serious.

On May 15, a long-term contract with Rosneft envisaging supplies of up to 9 million tonnes of crude oil to Belarus in April–December was signed, i.e. approximately 800,000 tonnes per month.

It was in April that the dispute about crude oil supplies was partially resolved. Russian companies agreed to settle with a reduced premium of USD 5.7 per tonne, and the Russian government is supposed to compensate for part of the premium that Belarus pays its Russian suppliers.

Moscow maintains that the overall compensation for the premium in 2020 will not exceed USD 70 million, and its amount and time of payment will only be clear at the end of the year.

It should not be ruled out that the payment of the declared compensation will take very long, by analogy with the compensation for the contamination of the Druzhba pipeline.

The conflict resulted in the reduction in Russian crude oil supplies in the first quarter by 44%; however, even after the dispute Belarus does not intend to buy 2 million tonnes of Russian crude per month, as was agreed at the end of 2019. Due to the compromised price situation, the profitability of Belarusian oil refining has decreased, and the refineries are cutting their processing volumes. In May, Russian crude supplies amounted to 1.1 million tonnes, the same amount was delivered in June. In July, Belarus is expected to import about 1.5 million tonnes of crude oil.

Belarus will keep importing crude in tankers — one per month via Odessa and Klaipeda. On June 5, Belarus received the debut batch of American crude via Lithuania.

Alternative supplies strengthen Belarus's position in the main oil conflict: the dispute over compensation for the tax maneuver (rather than the price premium), but there were no reports about any progress in this issue or even whether it was considered at all in May and June.

Natural gas

Since the start of 2020, natural gas supplies have been a notably less problematic issue than oil deliveries. In late December 2019, Uladzimir Siamaška and Alexey Miller signed a protocol to extend the agreement, which was in effect in 2018–2019, for two more months, and in February, the deal was further extended until the end of the year, with the price fixed at USD 127 per 1,000 cubic meters.

However, due to the plunge in global oil prices in April, gas prices also dropped, and in May, Minsk made a point that the gas price for Belarus should be cut as well. This issue was brought up by President Aliaksandr Lukashenka and Armenian Prime Minister Nikol Pashinyan at a video conference session of the Supreme Eurasian Economic Council on May 19.

The resolution of the gas price issue within the EEU, rather than on a bilateral basis, is possible through the establishment of a universal gas transit tariff for the entire EEU, since the cost of gas delivery via the territory of Russia accounts for a significant share of the gas price for Belarus (and for Armenia). Russia is theoretically not opposed to considering the tariff unification possibility, but Vladimir Putin was unambiguous in his comment on this issue. According to him, "the single tariff can only be implemented in a single market, with a single budget and a single taxation system. Such a deep level of integration has not been reached yet within the EEU ... In the meantime, gas prices should be formed on the basis of market trends.

Anyway, the presidents approved the EEU Development Strategy for the period to 2025, putting aside gas pricing issues.

Belarus continued its attempts to address these issues in a bilateral framework, but to no avail. On May 29, Gazprom's Alexey Miller said that the gas giant was ready to discuss gas prices with Belarus only starting in 2021 and only after Belarus repaid its gas debt, at USD 165.6 million at that time.

For its part, the Ministry of Energy of Belarus claims there is no debt, and sent to Gazprom its own calculations of the Russian gas price, based on its caloric value.

However, Lukashenka said back in February that he had no intention to make full payments to Gazprom Transgaz Belarus (Gazprom's subsidiary in Belarus). He referred to the markup applied to deliveries to consumers represented by the Beltopgas and regional gas networks amounting to USD 18 per 1,000 cubic meters. According to the Belarusian president, it appears that the cost of gas for Belarus should be USD 109, rather than USD 127 per 1,000 cubic meters, as stated in the contract. However, the premium payable to Gazprom Transgaz Belarus is not included in the contract price, but is added as a markup.

In April, Lukashenka got back to gas pricing, sharing his willingness to buy gas at "international prices": "Today Russia sells natural gas to Europe at USD 80, not more than USD 90 per 1,000 cubic meters. But we pay USD 127. Is there anywhere else they charge this price?"

The Belarusian side thus puts forward three arguments in the gas dispute: the quality of gas, spot and/or European "long" gas prices and excessive fees for transit through Russia. At the same time, Belarus is paying for gas according to its own fair price idea, as it did back in 2016.

However, despite the three arguments above and acquisition of control of Belgazprombank, Belarus's negotiating position is even weaker than in 2016. Back in 2016, the conflict was resolved by the suspension of oil supplies to Belarus and a concession in the form of customs "re-clearance" applied to crude, after which Belarus paid the accumulated debt and continued to comply with the contractual terms.

In 2016, Russia was compelled to play the oil card primarily because at that time supplies via Yamal–Europe were critical for Gazprom and gas transit via Belarus could not be compromised. In 2020, gas transit through the territory of Belarus has an auxiliary function that helps the gas giant make adjustments to its deliveries. Reasons include the general five-year gas transit agreement with Ukraine signed at the end of 2019, reduced gas consumption in Europe (due to the pandemic and for climate-related reasons), full gas storage facilities (filled in anticipation of the gas war between Russia and Ukraine) and the precarious status of the Nord Stream-2 project, which would most likely be strengthened if transit via Yamal–Europe were to be halted. In any case, Gazprom is reluctant to enter into a long-term gas transit contract via the Polish section of Yamal–Europe and buys transit capacities from time to time as needed (and overpaying) and also to regulate gas prices in the EU, sometimes suspending it for a day or a couple of days.

Overall, Gazprom had booked 90% of the capacity of the Polish section until the end of the year, but the remaining 10% can serve as quite effective leverage.

To complete this picture, the protocol that fixed the natural gas price for Belarus for the year 2020 was ratified by the Belarusian parliament on April 9.

Nuclear power plant and the loan

On May 11, Deputy Energy Minister Michail Michadziuk said the nuclear power plant (NPP) would be launched in July 2020. The launch of the first power unit of the plant has been postponed several times: it had originally been scheduled for 2018, then 2019, then January (first quarter) of 2020, and finally July 2020.

Because those postponements of the NPP launch were through the fault of the general contractor — Atomstroyexport, which is part of Rosatom — Minsk insists that the terms and conditions of the loan agreement with Russia should be amended. Back in April, Belarus filed an application to have the loan for the construction of the NPP restructured. In its application, Minsk requests to extend the use of the loan for two years and to postpone the principal redemption date to April 1, 2023 (from April 1, 2021), while replacing the current "mixed" rate with the fixed annual rate of 3.3%. The total impact of the restructuring move is expected to reach USD 600 million.

The loan agreement with Russia to finance the construction of the NPP envisages the commitment of USD 10 billion (of which 90% is intended for construction purposes under the general contract, while 10% of the cost of work is expected to be financed by the Belarusian side). By April 1, 2020, the project had used USD 4.33 billion of the loan. The anticipated cost of the project will not exceed USD 6 billion, according to Rosatom's estimates.

Road maps, visas and borders

The Union State promotion project made some progress throughout May and June. On June 19, the two countries signed a visa agreement, which took about two years to draft.

On June 4, Ambassador of Belarus to Russia Uladzimir Siamaška said that Belarus was ready to resume discussions of integration road maps in autumn, but on condition that time adjustments should be made. It was originally assumed that they would become effective on January 1, 2021. Siamaška suggests having further negotiations and postponing the date for them to become operational to January 1, 2022. He specified that a set of 28 road maps had been approved as a result of negotiations, and "a few aspects, absolutely doable, remain" with respect to one. "There's another map that pertains to the single gas market and compensation for the tax maneuver," Siamaška added.

Meanwhile, in May–June, the Russian border remained closed for the movement of Belarusian citizens, while the only exception was made for the Belarusian rotation workers.

Belgazprombank case

The presidential campaign in Belarus has added Lukashenka's accusations of Russia offering its support to alternative presidential hopefuls and the "Belgazprombank case" to the Belarus–Russia agenda.

On June 11, officers of the Financial Investigation Department of the State Control Committee detained some employees of Belgazprombank at the bank's headquarters. Former chairman of the board Viktar Babaryka, who was running for presidency, as well as his son, who headed Babaryka's initiative group, were detained later.

On June 18, Chief of the State Control Committee of Belarus Ivan Cierciel said that "puppeteers" from among "big bosses in Gazprom, or maybe even higher", were involved in the illegal activities of the former Belgazprombank head Viktar Babaryka. In response, spokesman for the Russian president, Dmitri Peskov said that Minsk's allegations about the involvement of some "puppeteers" in the said events should be "followed by arguments".

On June 25, Lukashenka pledged to discuss with his counterpart Vladimir Putin instances of interference in the elections. Lukashenka met with Putin twice: on June 24, he took part in the Moscow Victory Parade, and on June 30, he attended the opening of the memorial near Rzhev. There were no reports whether the Belarusian presidential elections were addressed during those events, and if yes, what the outcomes were.

Provisional administration was introduced in Belgazprombank. Gazprom said it hoped that the management of the bank by its shareholders would be restored.

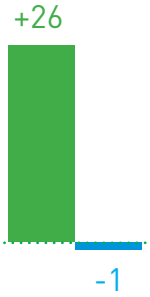
Forecast

Theoretically, Russia could again have pegged the natural gas price for Belarus to European rates. However, pegging it to cost and prices effective in Russia is the result of Belarus's insistent requests. Unlike European consumers, Belarus will hardly be able to challenge the contract with Gazprom in international courts or organize gas deliveries that would be alternative to those Russian in the foreseeable future. Therefore, the likelihood is quite low that Gazprom will consent to reduce prices for Belarus; additional arguments are called for, those beyond the gas framework.

It is more likely, though, that the NPP loan will be restructured. Belarusian corporate debts will likely be refinanced by Sberbank, which is proved by the visit of the bank's President Herman Gref to Minsk on July 3, during the next period under review.

The adoption of amendments to the Russian Constitution, which paved the way for political transition in Russia, contributes to the Kremlin's possible return to integration projects in the post-Soviet space, including with Belarus.

Relationship with the European Union



Aggregate index: +25
Positive points: +26
Negative points: -1

Trends

1. The pandemic remains the key factor that drives the current opportunities and agenda in the relationship between Belarus and the EU. At the same time, online diplomacy is quite active, although it cannot fully make up for the absence of traditional forms of communication.

2. The second key driver is predictably the presidential campaign in Belarus. Unlike the majority of the previous elections, it started to have a sharply negative impact on Belarus's relations with the EU as early as during its initial phase.

3. Due to the cumulative effect of these two factors, further prospects of the Belarus–EU relationship will remain in limbo at least until September, when the EU institutions and member states formulate their position on the outcomes of the presidential election.

Developments and processes

As anticipated, two background drivers were crucial for the relationship between Belarus and the EU in May–June. First, the continuing impact of the COVID-19 pandemic, which minimized possibilities for traditional diplomacy (although there was a significant exception during the reporting period: the visit of the Hungarian prime minister to Minsk) and almost completely restructured the agenda for cooperation to shift the focus to the fight against the coronavirus and its economic aftermath. This new trend was manifested both in the multilateral format of the Eastern Partnership and in bilateral dialogues with the EU member states and institutions, including in negotiations with the EBRD over the possibility of expanding collaboration to cover the negative economic implications of the pandemic. Belarus also received humanitarian aid on behalf of the entire EU and Poland, including the largest batch of humanitarian aid to a foreign state in the history of contemporary Poland.

Second, the presidential campaign that started in Belarus. The developments and tendencies of the last few months have become a clear indication that election 2020 would be a particularly tough test for the Belarus–EU relationship. Moreover, unlike many previous election campaigns, the markedly negative impact on Minsk's relations with Europe became evident already during the first weeks into the presidential race, i.e. after law enforcers' brutal handling of protesters and following the arrest of Viktar Babaryka and members of his team.

On June 18, the Belarusian Foreign Ministry hosted a meeting between Minister Uladzimir Makiej and Chief of the State Control Committee Ivan Cierciel and ambassadors of the EU

countries, Switzerland, the United Kingdom and the head of the U.S. diplomatic mission regarding the criminal case against Babaryka and executives of Belgazprombank. In addition to general updates on the progress of the investigation, official Minsk requested assistance from a number of European states to conduct the probe. It is still hard to say whether law-enforcement agencies of the EU member states will ever honor this request. However, judging by the overall sentiment concerning the election campaign in Belarus, one can assume that the application of the Belarusian side will be approached with no enthusiasm and with increased caution.

Public comments by Makiej about the prospects of the relationship between Belarus and the EU after the presidential election that he made on June 26 captured wide attention. Specifically, the minister said: *"If some undesirable events should happen that will throw us back to 2010, there will be no third thaw. The restoration of normal relations with other countries will take much longer than after 2010."*

Notably, so far, despite the negative impacts of the pandemic and internal political tensions on the relations between Belarus and the EU, the relationship index remains high. This is largely due to the high number of online events within the framework of the Eastern Partnership that took place during the period under review.

The online summit of the heads of state and government of the Eastern Partnership member states, which took place on June 18, became the highest-status development. Prime Minister Raman Haloŭčanka represented Belarus at that event. Lukashenka therefore once again refrained from personal attendance of the event, but delegated the newly appointed premier in his stead. The main points of Belarus's position were:

- the EaP should strive for practical results that are tangible for its citizens;
- within the framework of the EaP it is necessary to combine the principles of differentiation and joint management; at the same time it is important to avoid the multi-speed format and to preserve the regional framework;
- for Belarus, cooperation priorities include technology innovation, infrastructure projects (specifically, the expansion of the Trans-European Transport Network (TEN-T), removal of bottlenecks on the EU border, diversification of energy delivery routes), promotion of renewable energy and electric transport;
- it is essential that the EU should resume certification of Belarusian food exports as soon as possible and without arbitrary conditionality;
- Minsk expects that cooperation within the EaP will contribute to productive negotiations over a customs cooperation agreement and commencement of negotiations on a basic agreement with the EU;
- Belarus confirms its willingness to host the IT School of the Eastern Partnership, as well as to play host to a high-level event to prepare a live on-site summit of the initiative, which has not taken place previously.

Another significant event of the period was the visit of the Hungarian prime minister to Minsk on June 5. It was remarkable for two reasons. First, it was the first ever official visit of the head of the Hungarian government to Belarus. Second, the Hungarian premier came to Minsk during the pandemic.

During his meeting with Viktor Orbán, Lukashenka called Hungary "Belarus's closest partner in the European Union." Apart from the rhetorical style typical of the Belarusian president, these words do reflect the special nature of the political relations between Minsk and Budapest. Orbán himself emphasized this point with a public call to lift all of the EU's existing sanctions against Belarus. He also expressed his support for Belarus's accession to the WTO and promotion of cooperation with NATO.

Lukashenka and Haloŭčanka's negotiations with the head of the Hungarian government had a broad political and economic focus. Following the talks, Budapest opened a credit line of EUR

40 million in a Hungarian bank to finance cooperation between Belarusian and Hungarian companies. They also signed a memorandum of cooperation in the electricity industry, a memorandum of understanding on cooperation in diplomatic training and exchange of information and documentation, a memorandum on export promotion, as well as a memorandum on cooperation in poultry breeding.

A landmark event for the Belarus–Lithuania relationship took place on May 25. Following its signing by the Lithuanian side, the agreement between the Ministry of Emergency Situations of Belarus and the State Nuclear Power Safety Inspectorate (VATESI) of Lithuania on prompt notification of a nuclear accident and exchange of information on nuclear facilities and nuclear activities came into effect (the Belarusian side signed it on May 8). The document itself is nothing special, and Minsk has similar agreements with all of its other neighbors: Russia, Poland, Latvia and Ukraine. Probably, this is the reason why the agreement with Lithuania did not deserve any serious coverage by the Belarusian media. However, given the recent position of Vilnius, the fact that the deal was finally signed can be considered an important step forward.

A year ago, former Lithuanian President Dalia Grybauskaitė notably ruled out any chance of cooperation with Minsk on nuclear issues, as *"this would mean that we are tying our hands and we will not be able to demand that Belarus close this power plant."* Lithuania's radical position has yielded no results (except for the significant limitation of the capacity of the relations between Belarus and the EU), while the Belarusian NPP will be launched in the near future anyway. Therefore, it is quite logical that the current leadership of Lithuania starts moving from the phase of complete denial of the power plant to the acceptance of the fact that it will be launched sooner or later — and it focuses on the need to ensure its maximum safety.

Finally, after many years of complicated negotiations that started back in 2014, the issue of agreements on visa facilitation and readmission was finally concluded. Minsk completed domestic procedures for the ratification of the agreements in April, and now similar procedures were finalized in the EU: the agreements were approved by the European Parliament on May 13, and the EU Council approved them on May 27. Following the exchange of instruments of ratification, the agreements will come into effect on July 1, 2020.

According to the National Statistics Committee, two-way trade between Belarus and the European Union amounted to USD 4,361 million in January–May 2020 (down by 17.2% year-on-year). Belarusian exports reached USD 1,782.4 million, a drop by 29.2% from the first five months of 2019. Imports from the EU countries amounted to USD 2,578.6 million, down by 6.3% from the same period in 2019. Two-way trade therefore came to a deficit of USD 796.2 million for Belarus. This significant drop in trade volume and value (especially of exports) is due not only to the economic impact of the COVID-19 pandemic, but also to the exclusion of trade with the United Kingdom from the statistics.

Forecast

The relations between Belarus and the EU will remain in limbo up until the end of summer. It is hard for the parties to make any plans for future cooperation amid increased uncertainty about how the presidential election will be held and how much it will undermine the ties. That the overall impact will be negative is a fact that no one doubts. In this regard, the summer of 2020 will become another point of crisis in the history of the relations. However, opinions in the EU are still divided: someone (especially individual MEPs) is already calling for new sanctions against Minsk, while others point to their counterproductivity and insist on furthering cooperation in the interests of the EU and Belarus.

Relationship with China



Aggregate index: +16
Positive points: +16
Negative points: 0

Trends

1. The format of telephone conversations and videoconferences is increasingly used to maintain bilateral contacts at high and top levels;

2. Areas of cooperation expanded in comparison with the previous period; humanitarian cooperation remains relevant.

Developments and processes

One of the significant developments of June was the appointment of Ambassador of Belarus to China Mikalaj Snapkoŭ as first deputy prime minister when the government was reshuffled in early June. That was the shortest ever diplomatic mission to China (less than six months) and the second ever case of appointment to a high position in the government after a mission to China: in 2011, Anatol Tozik became deputy prime minister following his work in Beijing. Snapkoŭ is expected to continue to supervise the China dimension in the government. When this issue of the Barometer was drafted, the candidacy of a new Belarusian ambassador to China was not presented to the general public.

In June, a telephone conversation was arranged between the heads of state. The comparison of the official statements by the Belarusian and Chinese press services makes it clear that focuses and formulations vary to some extent. These differences include the following: the press service of the Belarusian leader mentioned Xi Jinping's personal support for Aliaksandr Lukashenka at the upcoming presidential election in Belarus, his support for Belarusian export of foods and assistance at the Chinese certification authorities; whereas the Chinese statement also mentions the support of the Belarusian side for China's commitment to oppose the "politicization and stigmatization" of COVID-19. The leaders discussed successful humanitarian cooperation during the pandemic, expansion of other areas of cooperation, including the Chinese Belt and Road Initiative (BRI).

The second significant area of cooperation in the months of May and June was technical and economic assistance from China. In June, Snapkoŭ, who had already become first deputy prime minister, noted at the ceremony to officially start the construction of the swimming pool and stadium that will use the financing from China's technical and economic assistance that "as of the moment, specific facilities" use over USD 500 million of such assistance, which will further expand to USD 800 million given plans for the next three or four years.

Beijing Construction Engineering Corporation (北京建工集 有限 任公司 intends to build a world-class swimming pool in Belarus in compliance with international standards. The Belarusian administrator of the project is the Republican Water Sports Olympic Training Center (the anticipated construction period is 36 months). Another project in this area — the

construction of a stadium — is being implemented by Beijing Urban Construction Group Co., Ltd (北京城建集 有限 任公司); the National Olympic Stadium Dynamo is the Belarusian administrator of the project (construction is projected to take 40 months).

During the period under review, consistent humanitarian cooperation continued. In May and June, more batches arrived (three were delivered by aircraft of the Ministry of Defense of Belarus and one by the People's Liberation Army (PLA) of China, which contained, among other things, equipment for the production of face masks. In the new epidemiological environment, medical and humanitarian cooperation is becoming extremely relevant; therefore, this type of cooperation is expected to deepen throughout this year.

In early June, President Lukashenka had an individual meeting focusing on the agribusiness project of the Belarusian National Biotechnology Corporation, whose general contractor and shareholder is CITIC Group. In the open part of the meeting the president emphasized the technological feasibility of the project and the importance of timely repayment of loans extended by China Eximbank.

Great Stone

During the two months under review, four companies were registered as CBIP residents:

- LLC Crownhomes Wooden Structures Research and Technology Company (China) with a project to manufacture Industry 4.0 woodworking lines;
- Belarusian-Russian LLC Delfidia with a project to make electronic products for remote monitoring of human health;
- Lithuanian-Belarusian ESS Group with a project to manufacture electric scooters and charging stations and ensure relevant software development;
- Czech Beznoska MT with a project to produce prosthetic implants and orthopedic devices.

On May 12, the solemn groundbreaking ceremony was held for the construction of the Sinomach Torch Park, which was registered as a CBIP resident in the previous period under review. Deputy Economy Minister Aliena Piarminava took part in the event on behalf of Belarus.

Also during the two months in question, the CBIP development company held numerous online presentations and workshops for foreign companies and agencies to clarify the terms and conditions of the operation of Great Stone. The second regional Belt and Road forum with an emphasis on Chinese traditional and innovative medicine is scheduled to be held this summer.

Forecast

In the foreseeable future, restoration of bilateral relations will continue, which will be facilitated by online interaction formats. The expected visit of Xi Jinping to Belarus may take place as soon as Vladimir Putin and Xi Jinping are ready for face-to-face meetings and EEU–China multilateral format events have been prepared.

It is unlikely that the appointment of a new ambassador of Belarus to China will modify the focus of Belarus–China cooperation; a slight change of emphasis in the current set of bilateral topics is possible. Healthcare and humanitarian cooperation have special potential in the medium term.

Relationship with the U.S.



Aggregate index: +2
Positive points: +8
Negative points: -6

Trends

1. Trade and economic relations are expanding. A tanker carrying the first ever shipment of U.S. crude oil destined for Belarus arrived in Lithuania.

2. The presidential election campaign already produced an impact on the bilateral relationship. Washington is keeping an eye on the campaign.

Developments and processes

The highlight of the period under review in the relations between the United States and Belarus was the first ever delivery of U.S. crude destined for Belarus.

The contract of sale was made by U.S. energy trader United Energy Trading, with the assistance of U.S. firm Getka and their Polish partner UNIMOT.

On May 17, a tanker with 77,000 tonnes of Bakken crude left the port of Beaumont (Texas), and on June 5, it arrived at the seaport of Klaipeda (Lithuania). The media coverage of this debut delivery by all parties (including Lithuania, the transit country) suggests its political rather than economic nature. Secretary of State Michael Pompeo made a specific statement on the deal, saying that it "strengthens Belarusian sovereignty and independence, demonstrates that the United States is ready to deliver trade opportunities for American companies interested in entering the Belarusian market."

Foreign Minister of Belarus Uladzimir Makiej also commented on this development: *"I am pleased to confirm the beginning of crude supplies from the U.S. to Belarus. This became possible following the agreements reached during the visit of U.S. Secretary of State Michael Pompeo to Belarus on February 1, 2020 and his meeting with President of Belarus Aliaksandr Lukashenka."* According to Makiej, U.S. crude deliveries are treated as part of the *"government's strategy to diversify sources (of supply) and ensure sustainable operation of the Belarusian oil refining industry in 2020 and in years to come."* Belarus also perceives cooperation with the U.S. in the oil sector *"as an essential component of energy security of the state, as an important part of trade and investment engagement that is pursued by the parties and has significant potential, as well as a factor to ensure economic sovereignty."*

In the port of Klaipeda, the tanker with U.S. crude was welcomed by a strong delegation including Lithuanian Deputy Foreign Minister Dalius Čekuolis, United States Ambassador to Lithuania Robert S. Gilchrist and Belarusian Ambassador Valier Baranoŭski. Deputy Minister Čekuolis called that crude delivery an example of *"transatlantic cooperation, when together with the United States of America we are strengthening the sovereignty and independence of Belarus by diversifying its sources of energy supply and increasing its resistance to pressures from third countries."* Representatives of Lithuania, Belarus and the United States met with the management of Klaipėdos nafta, inspected the tanker that delivered the oil and the terminal.

Cooperation between Belarus and the U.S. in the fight against the coronavirus pandemic continued. On May 20, it was reported that the U.S. would provide Belarus with USD 1.7 million to combat COVID-19. According to the press service of the Department of State, these funds are intended to finance laboratories, intensify the detection of COVID-19 cases, and strengthen epidemiological surveillance, support experts' action and preparedness, as well as ensure risk notification.

On June 5, the United States European Command (EUCOM) donated 1,300 masks and 200 protective goggles to the Main Military Clinical Medical Center of the Armed Forces of Belarus as part of the campaign to prevent the spread of COVID-19.

The months of May and April also saw a number of negative developments.

In June, the U.S. Department of State issued the 2019 Report on International Religious Freedom, which states that Belarus still has limitations on religious freedom. According to the report, the law recognizes the "determining role" of the Belarusian Orthodox Church (BOC) in the historic establishment and spiritual, cultural and state traditions' development of the Belarusian nation. A concordat grants the BOC rights and privileges not granted to other religious groups, although the law also acknowledges the historical importance of the traditional faiths of Catholicism, Judaism, Islam, and evangelical Lutheranism. The law bans all religious activity by unregistered groups.

On June 11, U.S. President Donald Trump extended for another year sanctions against a number of Belarusian citizens and government members. The White House said in a press release that *"the actions and policies of certain members of the Government of Belarus and other persons continue to pose an unusual and extraordinary threat to the national security and foreign policy of the United States."*

On May 22, the Ministry of Foreign Affairs of Belarus published a commentary to express its regret that the United States had withdrawn from the Treaty on Open Skies. The ministry says the treaty is one of the most significant and effective military and political instruments in its area from Vancouver to Vladivostok. It makes *"an important contribution to increasing transparency and predictability in the military sphere and building confidence between the signatory states."* At the same time, the statement does not sound like an accusation against the United States.

Throughout May–June, the presidential campaign gradually turned into a crucial backdrop for the Belarus–U.S. relationship.

On June 3, the U.S. Embassy together with the EU Delegation and the British Embassy issued a joint statement, urging the Belarusian authorities "to take the measures necessary to hold a safe, peaceful, free and fair election and to ensure fundamental freedoms."

On June 19, the U.S. Embassy in Belarus posted a Tweet saying that the U.S. *"supports the right of all Belarusians to participate peacefully in their presidential election without fear of intimidation. Respect for fundamental freedoms and democracy reinforces Belarus's sovereignty and independence, and paves the way for closer ties with the U.S."* In other words, Washington actually stated that the course of elections would serve as a factor for deepening Minsk's relations with the United States.

The following day, June 20, following the detention of participants in rallies of solidarity with those arrested during the collection of signatures for presidential hopefuls, the United States called on the Belarusian government to *"uphold its international commitments to respect fundamental freedoms by allowing the Belarusian people to freely, peacefully assemble and releasing those detained, including journalists covering tonight's peaceful gathering."*

Forecast

Belarus's relations with the U.S. will remain highly uncertain in the next few months and be largely determined by the factor of the presidential election. For this reason, as well as due to the period of summer vacations and the coronavirus pandemic, one should hardly expect any significant bilateral contacts in various formats.

Given the complicated nature of the election campaign in Belarus, official Washington might strengthen its negative rhetoric.

It is also unlikely that the exchange of ambassadors between the two countries will be completed before the election.

Relationship with Ukraine



Aggregate index: +17
Positive points: +23
Negative points: -6

Trends

1. The months of May and June saw the revival of bilateral contacts between Belarus and Ukraine both in politics and business.

2. Belarusian automakers restored their positions in the Ukrainian market that they had lost due to the beginning of the crisis. Some companies manage to increase their sales. Two-way trade is gradually normalizing.

3. The media agenda, which in the previous period had been dominated by the COVID-19 pandemic, shifted towards the discussion of the election campaign in Belarus. At the same time, unlike previous electoral cycles, the tonality of both the Belarusian state-run media and the Ukrainian press is somewhat more discreet.

Developments and processes

Politics

While March and April witnessed a decline in political communication due to the COVID-19 pandemic, the following two months were marked by renewed contacts, albeit with a specific focus on online communication.

The lack of foreign visits during the lockdown was also the reason for President Volodymyr Zelensky's refusal to attend the Victory Day parade in Minsk. This decision did not cause a sharp response at the level of the state leadership and did not become a coverage opportunity for the media.

However, by mid-May, political and cultural contacts had begun to recover:

- On May 27, the online conference "Ukraine - Belarus: economic cooperation in times of global challenges" was organized by the chambers of commerce and industry of both countries to address economic cooperation and work to organize the third Forum of Regions of Belarus and Ukraine. During the conference, the deputy minister of economy of Ukraine said that his country was interested in Belarus's accession to the WTO.

- On May 26 and June 10 the presidents of Belarus and Ukraine exchanged gifts. Lukashenka gave his Ukrainian counterpart the traditional vyshyvanka shirt, while Zelensky presented to the Belarusian president the traditional Ukrainian embroidered shirt. Those non-protocol optional events can be perceived as an exchange of political signals of the leaders of the countries.

• On June 3, the Verkhovna Rada of Ukraine ratified the agreement between Belarus and Ukraine On readmission, originally signed in 2019.

• On June 9, a meeting of the intergovernmental working group on regional and cross-border cooperation was held, where preparations for the Forum of Regions were discussed.

• On June 11, a Ukrainian delegation visited Minsk, comprising Head of the Office of the President of Ukraine Andriy Yermak, Minister for Temporarily Occupied Territories Oleksiy Reznikov and Minister of Defence of Ukraine Andriy Taran. Taking into account the fact that it is Yermak that supervises the country's foreign policy on the neighboring countries, this is an important and landmark visit. The composition of the delegation, where representatives of the Foreign Ministry acted as consultants, makes it possible to draw conclusions about the focus of the negotiations. Specifically, Yermak met with Head of Presidential Administration Ihar Siarhiejenka, and Reznikov met with Deputy Prime Minister Jury Nazaraŭ. An individual meeting of defense ministers was also held, for the first time in a very long time.

• On June 16, President Zelensky was officially invited to visit Belarus to participate in the third Forum of Regions of Belarus and Ukraine.

Negative developments notably included the decision of the Cabinet of Ministers of Ukraine to terminate the validity of internal passports of Ukrainian citizens for travels to Belarus. Although logical, this step may lead to a temporary decrease in the flow of Ukrainians visiting Belarus. To be more precise, given the quarantine restrictions, the move may slightly delay the restoration of the normal rate of travel.

Another event is related to the criminal prosecution of Yanukovych's entourage. According to the Ukrainian media, former head of the bank Kyivska Rus Viktor Bratko is in Belarus, and official Minsk refuses to extradite him to Ukraine.

The media background over the past period under review was ambiguous and should conditionally be divided between the two focal points: the response to the COVID-19 pandemic and the beginning of the presidential election in Belarus.

COVID-19. During the initial phase, Ukraine tried to discuss options for responding to the pandemic, whereas by mid-May, Belarus had already been used as a "negative" example. There was no official reaction of the Belarusian side, and no thematic events were held. This caused a largely negative background of misunderstanding of logic and fears of a wave of infections coming from Belarus.

The focus shifted in early June, when the media started discussing the active collection of signatures and emergence of new political figures in Belarus. The harsh reaction of the Belarusian authorities to political developments added negativity. However, the fact that the coverage of the Belarusian events should be adjusted to the factor of "Russian presence" in the media field took the situation to a more neutral level thanks to Minsk's rhetoric about attempts of Russia's interference in the elections. The vector of discussion changed from initial condemnation to a more cautious observation of the situation. For example, Lukashenka's statements that he "will not give up the country" were perceived in the Russian and Belarusian press as a threat to tighten control, while the Ukrainian media focused on the other portion of the phrase, where the Belarusian president listed the post-Soviet conflicts with Russia and spoke about warring Ukraine. However, even in this case, the general media backdrop was formed without the information input from the Belarusian state.

Economics

Belarus remains among the top-5 biggest trade partners of Ukraine and keeps strengthening its presence in the Ukrainian market in terms of the market share. Belarusian automakers managed to restore their positions that had been lost in early spring. In May 2020, MAZ again became the best-selling vehicle brand in the Ukrainian market with the share of 27% of the total number of sold vehicles. Amid the overall decline in sales, the Belarusian manufacturer contrived to increase its sales. Specifically, one of the largest

Ukrainian companies producing cement and building materials — Kovalska plant — chose MAZ products as the base models of dump trucks for its enterprises.

Work was concluded to finalize preparations for the implementation of the largest contract for the sale of passenger vehicles: the Kyiv City Council approved the purchase of 200 buses (mainly those manufactured in Minsk) for the development of its urban public transport.

Passenger vehicles were also delivered to Zhytomyr (BKM trolleybuses) and the city of Kryvyi Rih, where the first phase of the contract for the supply of several dozens of trolleybuses with autonomous capacity assembled on the basis of MAZ and BKM components was successfully completed.

Despite the crisis, BelAZ continues to supply its equipment to the Ukrainian market. New types of products were added to the three contracted and delivered mine dump trucks: nine quarry sprinklers. The buyer is the Metinvest Group controlled by oligarch Rinat Akhmetov. Given the group's requirement for quarry machinery and the holding's technical renovation plans, BelAZ can count on Ukrainian contracts at least up until 2024.

Exporter support programs through credit and leasing mechanisms have proved their effectiveness, and the parties are working to expand them. On June 6, the Ukrainian Globus Bank joined the export credit program of the Belarusian government. On June 19, the Belarusian government decided to approve the contract with Ukraine's Alfa-Leasing, which is part of Alfa-Bank Group.

Despite the anti-dumping duties applied to part of the Belarusian Steel Works (BMZ), BMZ has concentrated on the items that are "unproblematic" from the point of view of the Ukrainian regulator and is trying to gain a foothold in the market of the neighboring country.

In summer 2020, a number of contracts of Belarusian companies for the construction and repair of highways in Ukraine will be completed. For example, in June, a section of the Kyiv-Odessa highway was opened, which had been upgraded by Belarusian contractors. The event was covered, *inter alia*, on the official website of President Zelensky. Given the implementation of the "Big Construction" program in Ukraine, which, according to the government, will make it possible to make up for the negative effect of the economic crisis, such political signals are a bonus for Belarusian companies that participate in subsequent tenders.

On June 17, Belarus–Ukraine electricity sale/purchase auctions for both directions were resumed. The new phase of attempts to prevent the sale of Belarusian electricity to Ukrainian consumers therefore concluded. On the other hand, Belarus will be enabled to buy balancing flows at soon as it launches the nuclear power plant (until the construction of its own capacity has been completed). At the same time, given the politicization of this issue, Ukrenergo focuses in its release exclusively on possible exports of electricity from Ukraine.

Implementation of the program of oil transportation to Belarusian refineries through Ukraine continued. On June 30, another tanker with Azerbaijani crude for the Mozyr refinery was available for unloading.

Finally, positive developments of June 2020 included the restoration of air service between the countries and reopening of the checkpoints on the Belarus–Ukraine border that had been closed earlier due to quarantine.

As we had predicted in the previous issue of Barometer, the Ukrainian regulator finally established anti-dumping duties on matches supplied from the territory of the Republic of Belarus. Because for a number of Belarusian companies Ukraine was one of the main sales markets, the effect of these restrictive regulations might lead to the dismissal of some employees.

On the other hand, anti-dumping duties on Ukrainian railway wheels were introduced in Belarus. The decision was made by the Eurasian Economic Commission. For Belarus, which does not manufacture (sufficient amounts of) this type of products on its own, such restrictions are tantamount to forcing it to buy more expensive products from Russian manufacturers.

Forecast

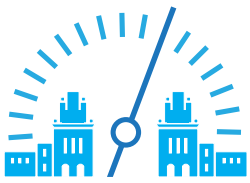
In the next two or three months, the relationship between the two countries will mostly thrive in the political realm. One reason is the preparation of the forum of the regions. Other drivers are based on the new approaches of the Ukrainian side, which are manifested in the stronger influence of the Office of the President of Ukraine and personally Yermak on the agenda of contacts with the neighboring countries, attempts to find new formats of conflict resolution in Donbas (and possible role of Belarus in these formats), as well as in the change of priorities of the Foreign Ministry to promote economic cooperation.

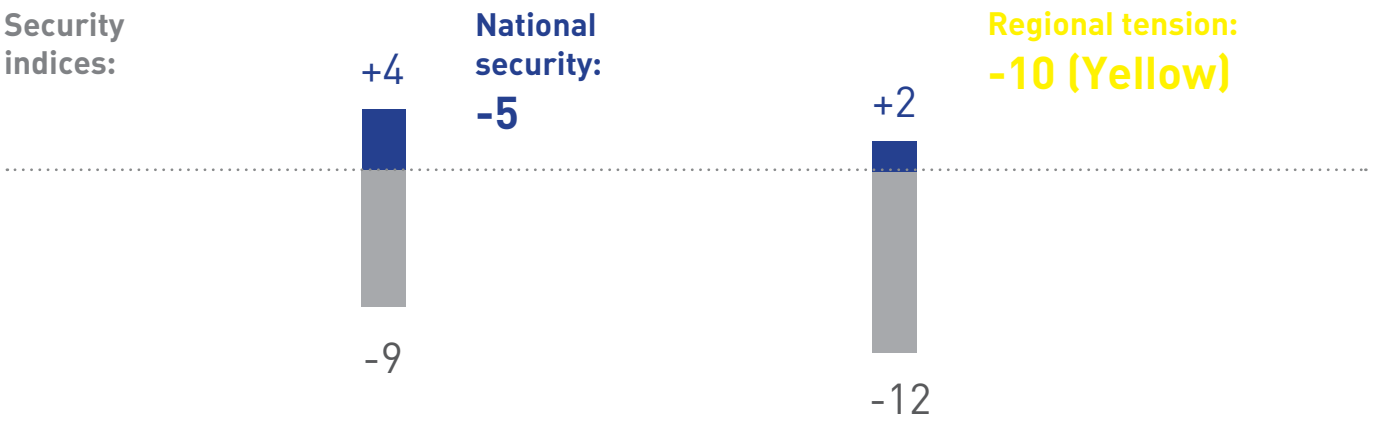
Therefore, amid the seasonal slack in the Belarus–Ukraine engagement, July and August will become a period for building a new political infrastructure for cooperation, based on official Kyiv's new priorities. The presidential election in Belarus and political assessment of this process will remain on the agenda. Ukraine can hardly afford to go against the common response of the EU member states; therefore, one can hardly expect a positive assessment of the election campaign. At the same time, Kyiv will be seeking words that can at least not worsen its relations with official Minsk.

In the economic sector, one should hardly expect any breakthrough amid the onset of the economic crisis and seasonal decline of business activity. The two countries are likely to focus on maintaining their own positions. One exception may be the work of joint ventures, especially in mechanical engineering and automotive industry. It is also possible that one or more projects in the military and industrial complex will be approved.

Energy will remain an important issue on the bilateral agenda. Belarus is interested in an operational energy bridge with Ukraine as it approaches the launch of the Belarusian Nuclear Power Plant. The situation with crude oil deliveries is stable, and provided that volumes remain available, Ukrainian transit will still be beneficial.

Security Barometer: status of national and regional security





Trends

1. Although the ongoing COVID-19 pandemic has led to a decrease in the military activity in the region, the regional security situation has deteriorated. The United States' withdrawal from the Open Skies Treaty and the nuclearization of defense contribute to tensions in the region against the backdrop of the shattering peace talks on the conflict in the east of Ukraine, alongside the growing the military presence and military procurement.

2. In May-June, Belarus paid markedly less attention to military security, thus linking ongoing socio-political processes with national security considerations, which factored in the role of the army and raised the profile of defense and law enforcement agencies in Belarus's politics.

3. As the relationship with the Kremlin remains rocky, Belarus sought to diversify international defense cooperation, even disregarding pandemic-related constraints, turning to Ukraine, China, Poland and the UK.

1. National security

Overall status of national security

Election campaign security. *"We must not let them [opponents of the regime] break the law,"* President Lukashenka said on June 9 at a meeting on national security with a focus on the presidential election campaign, *"It would cost us dearly otherwise. You know what happened in Ukraine."*

The president's visit to one of the key army units — the 38th airborne assault brigade stationed in Brest — on June 22 can be viewed as part of his election campaign. *"We will not fight in fronts [...] These are local wars and hybrid wars. This is not only about shooting. Later maybe. It all starts with information warfare, and we see this today,"* Lukashenka said.

Amid the tensed relationship with Moscow, on May 15, CSTO Secretary General Stanislaŭ Zas refuted the plan to place a Russian military base in Belarus. *"With this in mind [comprehensive cooperation between the two states in the defense sector] and taking into account the current technological advancement, we can draw a conclusion that the high degree of preparedness for joint operation and mobility of troops make it possible to ensure military security in the Eastern European region of collective security without arranging additional military infrastructure or deploying a Russian military base in the Republic of Belarus. The placement of a military base of the Ministry of Defense of the Russian Federation in the territory of Belarus is not on the political agenda of the two states,"* said Zas.

Equipment and training of the national army

Exercises. On May 16-23, Commander of the Rocket Troops and Artillery of Belarus Hienadz Kazloŭski supervised a tactical exercise of all units of the rocket troops. The military practiced long-distance redeployment and combat actions at three training grounds and a selected terrain area near Astraviec, using the Polonaise, Smerch and Uragan multiple rocket launchers and the Tochka tactical ballistic missile system.

A command and staff exercise with the 19th and 120th infantry brigades was held on June 2-5 at the Barysaŭ training ground under the supervision of North-Western Operational Command chief Andrej Žuk. The program included a defensive battle with the application of the Uchenie information complex with online electronic maps, which was used for the first time.

Missile program. President Lukashenka viewed the latest domestic missile developments on May 22. In his opinion, strategically, *"high precision missiles are the best solution today"* in terms of national defense. Belarus's missile program seems to make significant progress. It was reported that the country not only assembled Chinese missiles, but was also working on its own missile with an effective range of up to 300 km. Its prototype is expected to be showcased before September and tested, presumably, in China, Russia, Kazakhstan, Uzbekistan or Saudi Arabia. Russia, however, is reluctant to provide its test sites. *"This is a message addressed to us. Our closest ally neither agreed to combine efforts in designing this missile, nor allowed us to use its proving ground,"* Lukashenka said.

New weapons. On May 6, the army received five more T-72B3 tanks upgraded by Russian UralVagonZavod Research and Production Corporation. Thirty more R-27 air-launched guided missiles repaired in Belarus were delivered to the 61st fighter airbase in Baranavičy in late May. Belarusian defense enterprises repaired 140 R-27 missiles in total in 2019-2020. The 841st Guards artillery group of the 11th infantry brigade of the Western Operational Command received the Centurion automated artillery fire control system in early June. It was announced on June 12 that two Rosa-RB-M mobile low-altitude target detecting radars were added to Belarus's armory.

International contacts

The one-day working visit of a Ukrainian delegation to Belarus on June 11 was the most important event of the period under review. The delegation included Minister of Defense of Ukraine Andriy Taran and other officials engaged in the resolution of the conflict in eastern Ukraine. Belarusian sources said that it was Ukraine's initiative to hold negotiations between the two defense ministers. The parties "exchanged views on international security and the regional military-political situation, and discussed defense cooperation between the two states." Interestingly, on the same day, June 11, Chief of Belarusian General Staff Aliaksandr Valfovič had a phone talk with his Russian counterpart Valery Gerasimov. According to official reports, "the sides exchanged views on the military-political situation in the Eastern European region" and reaffirmed the "shared views on threats to security of the Union State members."

The telephone talk between Defense Minister Viktar Chrienin and member of the Central Military Commission, State Councilor, Defense Minister of the People's Republic of China Wei Fenghe on May 14 was another notable contact. The officers spoke about the global epidemiological situation, bilateral military cooperation and interaction in the SCO. At the end of June, the Ministry of Defense of China handed over medical equipment and personal protective means to Belarusian military medics.

Chief of General Staff Valfovič also had phone talks with his Serbian and British counterparts on June 26 and 29, respectively. Head of the Defense Ministry's International Military Cooperation Department Alieh Voinaŭ spoke with head of the Main Directorate for International Military Cooperation of the Defense Ministry of Uzbekistan Dilshot Khasanov on May 12, and met with Ambassador of Poland to Belarus Artur Michalski on June 18.

On May 21, the Belarusian parliament ratified the Belarusian-Russian intergovernmental agreement on the exchange of geospatial information between the armed forces of the two countries signed on October 25, 2019.

2. Regional Security

Overall situation in the region

Militarization and reduced transparency. "There is no immediate threat of a military conflict between the CSTO and NATO, although disagreements and different approaches to major international problems and challenges persist," CSTO Secretary General Stanislaŭ Zas said in May, "The CSTO realizes the complexity of the military-political situation. The buildup of NATO military force and infrastructure near the CSTO borders and intensity and the scope of the joint maneuvers cannot but arouse concern."

On May 22, the United States officially notified the parties to the Open Skies Treaty (OST) of its decision to begin the procedure of the U.S.' withdrawal from the Treaty starting from November 22, 2020. Foreign ministers of 10 EU member states expressed regret, but both the EU and NATO agreed with Washington that it was the Russian Federation that was violating the OST. They declared their willingness to continue to abide by the treaty.

On May 12, the president of Poland approved a new National Security Strategy that replaced the one adopted in 2014. "The neo-imperial posture of Russia, which involves military force," is regarded as the most serious threat. Belarus is not mentioned in the text. The Strategy provides for an increase in defense spending to 2.5% of GDP by 2024, adjustments in the command structure of the Polish armed forces, an increase in the number of personnel and weapons, training program updates, enhanced mobility of troops and the efficiency of supply support and logistics, creation of a national integrated system to keep the army updated on most recent developments, creation of a national satellite communication system, reinforcement of air and missile defense, and enablement of the Polish army to deliver high-precision strikes at long distances. This confirms the policy of deployment of territorial defense forces throughout the country. Polish experts note that the new strategy marginalizes the EU, putting the highest possible emphasis on the role of the United States and pursuance of the "unrealistic and archaic concept of introverted security of the past, traditional values and Christian heritage" instead of various alliances.

Nuclearization of regional confrontation. On May 16, the U.S. ambassador to Poland announced the possible deployment of nuclear weapons in Poland. Russia doubted the feasibility of that, since it would "directly infringe on the Russia-NATO Founding Act."

On June 2, Russian President Vladimir Putin signed the State Nuclear Deterrence Policy Framework. Russia's nuclear doctrine was published for the first time. The conditions for the application of nuclear weapons are described quite vaguely. Some Western analysts got an impression that, in the event of a complex military situation, Russia may use nuclear weapons even if its enemy refrains from a nuclear strike. Moscow's concept of a retaliatory counter-strike is relatively clear. It was previously believed that Russia was guided by the concept of a strike in retaliation for an enemy's nuclear attack.

According to reputed Western media outlets, during online consultations held on June 17-18, NATO defense ministers adopted a new approach to nuclear deterrence, which provides for the deployment of U.S. medium-range missiles in the territory of the European NATO member states. In case of an "escalation", the missiles may be equipped with nuclear warheads. Also, nuclear weapons can be redeployed from Germany to Poland. This is meant to show the Kremlin that NATO is ready to use nuclear weapons "at an earlier stage of a conflict." NATO Secretary General Jens Stoltenberg only said that the parties discussed steps to counter the "Russian nuclear threat" and strengthen NATO's air and missile defenses. NATO adopted a new nuclear strategy in 2018. The only thing that is known about it is that it no longer distinguishes defense with conventional weapons from defense with nuclear weapons. However, NATO's Director of Nuclear Policy Jessica Cox wrote in her Twitter that almost all of this is not true.

War in the east of Ukraine. Against the backdrop of the smoldering conflict in eastern Ukraine, the talks of the Trilateral Contact Group (TCG) have come to a deadlock. Progress

was achieved in neither resolving political issues, nor in separating the parties. Kyiv took a more hardline position, insisting on independent negotiations with Russia, and the members of the Group are running into new difficulties. Specifically, on June 10, Kyiv introduced new negotiators to the TCG political subgroup, who speak on behalf of migrants from the Donetsk and Luhansk Regions as an alternative to representatives of the self-proclaimed Donetsk and Luhansk Republics. The Ukrainian part of the Joint Center on Control and Coordination of the Ceasefire accused Russia on June 12 of "regular" supplies of personnel, weapons and military hardware to eastern Ukraine. During the online consultations held on June 15, for the first time in five years, deputy head of the Ukrainian delegation Oleksandr Merezhko referred to the Minsk agreements as "recommendatory", although the Ukrainian leadership earlier declared them mandatory.

As the situation in the east of the country was aggravating, military assistance to Ukraine continued. On June 11, the U.S. Congress approved a package of defense assistance to Ukraine in the 2020 fiscal year in the amount of USD 250 million. On June 12, Ukraine became a member of NATO's Enhanced Opportunities Partnership, which facilitates access to NATO programs and exercises and information exchange. The status of Enhanced Opportunities Partner was previously given to Australia, Georgia, Jordan, Finland and Sweden.

On June 25, the Ukrainian Cabinet approved the Ukraine-Turkey agreement on military-financial cooperation and the protocol on financial assistance. Ankara will provide USD 35 million to Kyiv for the procurement of military goods and services for the Ukrainian army and to pay for the training of the Ukrainian military in Turkey over the next five years.

Exercises and confidence building measures in the region

It became clear in May that Russia and NATO had failed to agree to suspend exercises and reduce military activity during the pandemic. Instead, NATO Secretary General Stoltenberg suggested updating the 2011 Vienna Document of the Negotiations on Confidence and Security-Building Measures. Although the Russian Federation proposed to reduce military activity, it continued conducting quite large exercises, including in the Baltic region. NATO's response to the pandemic looked more distinct. For example, Lithuania cancelled the May draft and exercises with reservists. The NATO Baltops-2020 exercise involved fewer troops and hardware and, for the first time, it was managed from the shore. All overland operations were canceled.

Dynamics. Over the period under review, eleven relatively large exercises conducted by Russia and nine by other countries combined were identified in the region (see Table 1). This information is incomplete, especially with regard to Poland.

Table 1. Exercises in the region

Date	Place	Name and subject	Scale	Note
21 April to 22 May	Estonia	Spring Storm exercise	5,000 Estonian and foreign troops	Downsized
4-17 May	Irbene Strait	Open Spirit anti-mine exercise	9 ships of Latvia, Estonia, the Netherlands, Norway and Germany	
First half of May	North-east of Poland	American-British exercise	Units of the 2nd Cavalry Regiment of the U.S. Army, British contingent	Reconnaissance practice

Date	Place	Name and subject	Scale	Note
Second half of May	Bryansk Region, Russia	Exercise with engineering and assault units of the combined arms army of the Western Military District	500 troops, 12 hardware units	Blocking a simulated enemy in populated areas
5-19 June	Drawsko Pomorskie, Poland	American-Polish Allied Spirit XI exercise	6,000 American and Polish servicemen	Bilateral exercise (landing and river crossing)
7-19 June	South and Central Baltics	Baltops-2020 Navy exercise	30 ships, 30 aircraft and helicopters, approx. 3,000 troops from 17 NATO countries	Due to the pandemic, all exercises at sea without ground operations
9-20 June	Ādaži training ground and Ventspils Region, Latvia	Urban Steel NATO exercise	NATO Enhanced Forward Presence, 46th infantry battalion, 4th infantry brigade Zemessardze	Urban operations with live firing
Mid-June	Kaliningrad Region, Russia	Tactical exercise with the helicopter regiment of the Baltic Fleet naval aviation		Reconnaissance, destruction of underwater, surface and ground targets, etc.
Mid-June	Moscow Region, Russia	Command post exercise with the Kantemirovskaya tank division and the Sevastopol infantry brigade of the tank army of the Western Military District of Russia	4,000 troops and 800 hardware units	Under the leadership of WMD Tank Army Commander Sergei Kisel
Mid-June	Voronezh Region, Russia	Artillery exercise with the combined arms army of the Western Military District	550 servicemen of the combined arms army of the Western Military District, over 50 hardware units	
10-16 June	Kaliningrad Region, Russia	Bombing practice by Baltic Fleet naval aviation	10 Su-24, Su-30SM, Su-27 jets	Attacking an airborne unit of a simulated enemy
Mid-June	Ukraine	Command post exercise of the Ukrainian air force	All regional commands	With the participation of Air Force Commander Sergei Drozdov
Second half of June	Kaliningrad Region, Russia	Exercise with air defense and electronic warfare units of the Baltic Fleet of the Russian Federation	700 servicemen and 70 hardware units	At sea ranges
Second half of June	Augustów, Olecko vicinities, Poland	Bull Run-12	2,000 troops, Mi-24, W-3 Sokół, F-16	In the presence of Minister of Defense Błaszczak. Polish units and NATO's eFP battalion
Late June	Kursk Region, Russia	Electronic warfare brigade exercise	300 hardware units	Protection of military infrastructure from detection and air attacks

Date	Place	Name and subject	Scale	Note
Late June	Voronezh Region, Russia	Artillery exercise of the combined arms army of the Western Military District	500 troops, 80 hardware units	
Late June	Kursk Region, Russia	Air defense exercise of the combined arms army of the Western Military District	600 troops, 40 hardware units	Protection of infrastructure from air attacks
Late June	Voronezh Region, Russia	Exercise with tank and infantry units of the Vistula division of the Western Military District of the Russian Federation	500 troops, 50 hardware units	Live-fire offensive
Late June	Kaliningrad Region, Russia	Tactical exercise of the Baltic Fleet naval aviation of the Russian Federation	15 Su-30SM and Su-24 jets	Destruction of military columns of a simulated enemy, fire support for the army corps of the Baltic Fleet
Late June	Rivne Region, Ukraine	44th artillery brigade		

The flight of two U.S. Air Force B-1B Lancer strategic bombers through the airspace of Ukraine on May 29 should be highlighted in this context.

Regional forces buildup

NATO. The meeting of the Polish and American presidents on June 24 was the most important event. They officially announced a reduction in the American contingent stationed in Germany from 34,500 to 25,000 servicemen. Some of them will return to the United States, and the others will be redeployed to Poland and other countries. The number of U.S. troops in Poland may increase to 5,500.

Arms supplies were very insignificant. It became known in early May that Lithuania bought the third Hunt type British mine-hunting ship, which was withdrawn from the British Navy. The ship will become part of the Lithuanian Navy in two years, after an upgrade. In late May, the Polish army received the first five tanks upgraded to Leopard-2PL. The modernization program is a year and a half behind the schedule.

In June, Polish units stationed in the north-east of the country received a new batch of the Poprad self-propelled ultra-short-range air defense systems described as "UAV killers." On June 19, a Lithuanian air defense battalion received the NASAMS short-range air defense system purchased from Norway. Lithuania bought two NASAMS-3 squadrons, which had only been supplied to the Norwegian army.

Ukraine. In May, the Ukrainian army received 6 modernized tanks (four T-64s and two T-72s), 9 restored BTR-80s APCs and 5 new BTR-4Es APCs.

The next stage of tests of the Vilkha M multiple rocket launchers, the ground-based Neptun anti-ship tactical ballistic missile system (development of the shipborne and airborne versions is planned), and the Typhoon-1 rockets for multiple launchers took place in May-June in the Odessa Region. According to official reports, all of them are of the Ukrainian design and manufacture.

As was reported on June 17, the U.S. Department of State approved the sale of 16 modern Mark VI patrol boats and related weapons worth USD 600 million to Ukraine. The deal will be financed as part of the U.S. military assistance.

In mid-June, Ukraine received munitions worth over USD 60 million from the United States, including the Javelin portable antitank guided missile launchers, ammunition and radio stations. The supply was part of the U.S. military assistance.

On May 13, Ukraine reported the elimination of over 3 million anti-personnel mines under the Ottawa Treaty. The work is still in progress.

Ukraine continued building infrastructure, including at the border with Belarus. Two new dormitories for 250 military personnel for the Ukrainian tank brigade stationed in the Chernihiv Region were commissioned in early June.

Russia. The Yelnya infantry division of the 20th combined arms army of the Western Military District of Russia (Bryansk Region) was supplied with about 20 2S33 Msta-SM2 self-propelled 152 mm howitzers in May-June. It was reported in mid-May that the Russian Baltic Fleet would receive six Karakurt small missile ships in the near future. Around 40 BMD-4M airborne combat vehicles and Rakushka armored airborne combat vehicles were delivered to the Pskov airborne division in mid-June. It became known on May 26 that the Yelnya infantry division began using computer-assisted unit management systems.

Military infrastructure was under construction near the Belarus-Ukraine border. It was reported in late May that Russia was arranging a new training ground, 50 sq. km in area, in the Voronezh Region with multimedia shooting ranges, primarily intended for the Vistula infantry division. The division received new military vehicle fleets in the Belgorod Region at the beginning of June.

Russia completed the construction of a new command post for the tank army of the Western Military District in the Moscow region in mid-June for managing troops, including in the Smolensk Region that borders on Belarus.

Ground works for the construction of two multifunctional military medical centers (200 and 100 beds) began in Pskov and Velikiye Luki at the end of June. A similar center (200 beds) is under construction in Voronezh.

Forecast

The region will continue to experience regular spikes of tension associated with external processes, such as the collapse of global arms control and transparency arrangements, the confrontation between the United States and the Russian Federation, in which Eastern Europe is only one of the areas of rivalry, and fundamental economic processes.

Minsk will continue seeking better relations with the West in the field of security, being pushed by ongoing geopolitical processes, as Ukraine and NATO are getting closer, and Russia is apparently committed to build up its defense lines in its own territory wherever possible, concentrating its military forces near the Belarusian border.

The trend towards the securitization of domestic political processes will continue. Furthermore, it is quite possible that the army will be involved in preventing destabilization inside the country.

Appendix 1

Catalogue of events underlying the relations development indices

Relationship with Russia

Date	Event	Score
6 May	Expulsion of Russian Channel One journalists	-1
14 May	Makiej meets with Lavrov, integration negotiations	+1
15 May	Contract with Rosneft for 9 mln tns for April-December	+2
19 May	Video conference session of the EEU Heads of State	+1
21 May	Agreement on exchange of geodata	+1
25 May	Ban on import of oil products from Russia	-1
29 May	Russia claims Belarus is in debt for gas, Belarus says has no debt	-2
9 June	Negotiations of energy ministers	-1
10 June	Siamaška on restrictions on supplies of Belarusian-made products	-1
11 June	Meeting of chief of General Staffs	+1
12 June	Lukashenka congratulates the Russian leadership on the Day of Russia	+1
17 June	Mezentsov on interbudgetary payments for oil in 2021	-1
19 June	Lavrov's visit, a visa agreement signed	+2
24 June	Lukashenka participates in the Moscow parade	+1
26 June	A telephone conversation between Haloŭčanka and Mishustin concerning the NPP	+1
30 June	Lukashenka participates in the opening of the Rzhev memorial	+2
30 June	Siamaška on the visa agreement — effective starting next year	-1
May-June	Borders are closed, exception only for rotation workers	-2
May-June	After May 9, reduced confrontational rhetoric of the Belarusian authorities against Russia	+1
June	Belgazprombank case	-2
Total		**+2**

Relationship with the EU

Date	Event	Score
6 May	Makiej's telephone conversation with Polish Foreign Minister Jacek Czaputowicz	+1
6 May	Makiej's telephone conversation with Minister of Foreign Affairs of Lithuania Linas Linkevičius	+1
11 May	Makiej's telephone conversation with Minister for Europe, Integration and Foreign Affairs of Austria Alexander Schallenberg	+1
13 May	Makiej's telephone conversation with EU Special Representative for Human Rights Eamon Gilmore	+1
14 May	Video conference negotiations between Rumas and President of the EBRD Suma Chakrabarti	+1
20 May	Makiej's telephone conversation with Minister of Foreign Affairs and Trade of Ireland Simon Coveney	+1
25 May	Makiej meets with Slovak Ambassador Jozef Migaš	+1
25 May	Agreement between the Ministry of Emergency Situations of Belarus and the State Nuclear Power Safety Inspectorate (VATESI) of Lithuania on prompt notification of a nuclear accident and exchange of information on nuclear facilities and nuclear activities is signed and comes into effect	+1
27 May	10th session of the Belarus-Hungary Intergovernmental Commission for Economic Cooperation with the participation of Kraučanka	+1
28 May	Kraučanka's telephone conversation with European External Action Service Assistant Secretary-General for Political Affairs Enrique Mora	+1
2 June	Second (online) meeting of the Strategic Advisory Group Belarus-Germany	+1
4 June	Makiej's telephone conversation with Minister of Foreign Affairs, European Union and Cooperation, Arancha González Laya	+1
5 June	Official visit by Hungarian Prime Minister Viktor Orbán, talks with Lukashenka and Haloŭčanka	+3
5 June	Andrejčanka's meeting with Austrian Ambassador Aloisia Wörgetter	+1
11 June	Makiej participates in the meeting of foreign ministers of the EU member states and Eastern Partnership member states (video conference)	+1
17 June	Makiej's telephone conversation with Commissioner for Neighbourhood and Enlargement is the member of the European Commission Olivér Várhelyi	+1
18 June	Haloŭčanka participates in the online summit of the Heads of State and Government of the Eastern Partnership member states	+2
18 June	Makiej and Chief of State Control Committee Cierciel meet with Ambassadors of EU countries, Switzerland, the UK and Head of the U.S. diplomatic mission to address the criminal case against officials of Belgazprombank	+1
18 June	Makiej's telephone conversation with Minister for Foreign Affairs of Finland Pekka Haavisto	+1
24 June	Minister of Agriculture Krupko meets with Hungarian Ambassador Zsolt Csutora	+1

Date	Event	Score
24 June	Minister of Energy Karankievič meets with Ambassador of Hungary Zsolt Csutora	+1
26 June	Makiej's telephone conversation with Foreign Minister of Latvia Edgars Rinkēvičs	+1
May-June	Negative statements by the Belarusian leadership about certain EU countries and their diplomats in response to their criticism of Minsk's actions during presidential campaign.	-1
May-June	Positive materials in the official media and statements of the Belarusian leadership about the EU, including in the context of the humanitarian aid provided to Belarus for its fight against the coronavirus pandemic	+1
Total		**+25**

Relationship with China

Date	Event	Score
4 May	Note of appreciation to President Xi Jinping from President Lukashenka for his support in Belarus's fight against COVID-19	+1
5 May	An agreement is signed on the joint feasibility study of an agreement on trade in services and investment between Belarus and China	+1
12 May	Ratification by Belarus of the agreement on exchange of information about goods and vehicles of international transportation moved across the customs borders of the EEU and PRC	+1
13 May	Arrival of the third flight of the Belarusian Defense Ministry from China with humanitarian aid	+1
14 May	Telephone talks between Minister of Defence Chrienin and Chinese Minister of Defence Wei Fenghe on joint military training and education, on cooperation within the SCO	+2
29 May	Belarus–China online conference on trade and economic issues, Nanchang, Jiangxi Province	+1
31 May	Arrival of one more flight of the Belarusian Defense Ministry from China with humanitarian aid	+1
2 June	Arrival of another flight of the Belarusian Defense Ministry from China with humanitarian aid	+1
11 June	Telephone conversation between Lukashenka and Xi Jinping	+2
15 June	Anti-epidemic aid sent to Belarus from the Chinese People's Liberation Army	+1
15 June	Birthday congratulations to Chairman of the People's Republic of China Xi Jinping from Lukashenka	+1
16 June	Video conference consultations between the Ministries of Foreign Affairs of Belarus and China	+1
18 June	Makiej participates in a high-level video conference on international cooperation within the BRI framework	+1
30 June	Official commencement of the construction of the stadium and swimming pool financed from Chinese technical and economic assistance, Minsk	+1
Total		**+16**

Relationship with the U.S.

Date	Event	Score
17 May	Loading of the first tanker with U.S. crude for Belarus. It arrived at the port of Klaipeda on June 5	+2
May-June	Positive high-level media coverage of the oil deal highlighting the political context of the event	+2
20 May	The U.S. will provide USD 1.7 mln to Belarus to fight the coronavirus	+1
22 May	The Belarusian Foreign Ministry says it regrets that the U.S. withdrew from the Treaty on Open Skies	-1
3 June	The U.S. Embassy, the EU Delegation and the British Embassy make a joint statement on the presidential election	-1
5 June	The United States European Command donates personal protective equipment to the Chief Military Clinical Medical Center of the Armed Forces of Belarus	+1
10 June	2019 Report on International Religious Freedom of the U.S. Department of State, which states that the freedom of religion is still limited in Belarus	-1
11 June	Trump extends sanctions against a number of Belarusian citizens and government members for another year	-1
19 June	Report of the U.S. Embassy on support for the right of "all Belarusians to participate peacefully in their presidential election without fear of intimidation"	-1
20 June	The U.S. Embassy calls on the authorities to release the detained protesters	-1
26 June	Makiej's statement about absence of plans to revoke the accreditation of Radio Liberty	+1
30 June	Makiej attends the opening ceremony of the virtual museum "Meeting at the Elbe" in Minsk's Gymnasium No. 5	+1
Total		**+2**

Relationship with Ukraine

Date	Event	Score
6 May	Zelensky refused to attend the Victory parade	-1
22 May	Statement of the Ministry of Foreign Affairs of Ukraine that it will promote economic cooperation between the two countries	+1
26 May, 10 June	Exchange of gifts (vyshyvanka shirts) between Zelensky and Lukashenka	+1
27 May	Statement by Taras Kachka on Ukraine's interest in Belarus's joining the WTO	+1
29 May	Antidumping duties on supplies of Belarusian matches to Ukraine	-2
1 June	Kovalska Plant decides to purchase MAZ equipment for the needs of the holding company	+1
2 June	Meeting of the ambassador of Ukraine with businesses from Ukraine and Belarus engaged in the development of joint projects	+1
2 June	BelAZ wins back mining equipment market positions	+1
2 June	MAZ once again becomes the market leader in Ukraine with a 27% share of sales. Despite the crisis, sales increased	+1
3 June	Verkhovna Rada ratifies the readmission agreement	+1
9 June	Online meeting of the working group on interregional and cross-border cooperation	+1
9 June	EEC resumes anti-dumping duties on Ukrainian railway wheels	-2
10 June	Launch of a joint government project on forest drying prevention	+1
11 June	A governmental delegation of Ukraine visits Minsk	+1
11 June	Negotiations between the Ministries of Defence of the two countries	+1
11 June	Negotiations between Yermak and Siarhiejenka	+1
15 June	Resumption of air traffic between Belarus and Ukraine	+1
16 June	Zelensky is invited to visit Belarus	+1
16 June	Virtual exhibition Made in Belarus #AgroFood with active involvement of Ukrainian Chamber of Commerce and Industry and businesses	+1
17 June	Opening of additional border crossing points (previously closed due to quarantine)	+1
17 June	Restoration of the Belarus-Ukraine energy transition auctions (market opening)	+1
19 June	Approval by the government of Belarus of lease agreements with Alfa-Leasing (Ukraine)	+1
24 June	Banker from Yanukovych's entourage is said to be hiding in Belarus	-1
24 June	Opening of a section of the Kyiv-Odessa road repaired by Belarusian road workers (information on the website of the president of Ukraine)	+1

Date	Event	Score
27 June	Completion of the contract for the supply of Dnipro trolleybuses to Kryvyi Rih (MAZ-based trolleybuses)	+1
30 June	Delivery of Belarusian trolleybuses to Zhytomyr	+1
30 June	Continuation of work on the passage of Azerbaijani crude via the Odessa-Brody pipeline	+1
Total		**+17**

Appendix 2

Catalogue of events underlying the security indices

Date	Event	National security	Regional tension
May-June	War in the east of Ukraine	-2	-3
May-June	Nine other exercises of NATO and Ukraine	-1	-1
May-June	11 exercises of Russia	-1	-1
12 May	Adoption of the new national security strategy by Poland	-	-1
13 May	Report on the elimination of 3 million anti-personnel mines by Ukraine	+1	+1
16 May	Statement by the U.S. ambassador on the possible deployment of nuclear weapons in Poland	-1	-1
16-23 May	Tactical exercise with the rocket troops of Belarus	+1	-
22 May	United States' official withdrawal from the Open Skies Treaty	-	-2
29 May	Flight of U.S. strategic bombers over Ukraine	-1	-1
2 June	Adoption of the nuclear doctrine by Russia	-1	-1
2-5 June	Exercise with the 19th and 120th infantry brigades of Belarus	+1	-
11 June	Visit of Ukrainian Defense Minister Taran	+1	+1
17-18 June	NATO's new approach to nuclear deterrence	-1	-1
May-June	Construction of Russia's military facilities in the regions that border on Belarus	-1	-
Total		**-5**	**-10 (Yellow)**

Appendix 3

Colour scale of regional security tensions

Colour Value	Numerical Value	Interpretation
White	higher than -1	Low likelihood of escalation. Non-threatening situation
Green	from -2 to -6	Presence of military activities, which do not pose a direct threat and will not necessarily lead to the escalation of tensions. Such a situation calls for cautious attention.
Yellow	from -7 to -12	Military and other activity is observed that is capable of leading to the escalation of tensions. The situation calls for close attention.
Orange	from -13 to -17	Military preparations in the region. Growing tensions. Situation is threatening.
Red	-18 and lower	Sharp escalation of tensions. The conflict is virtually unavoidable. A pre-war situation.

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