Commentary
December 20, 2019

Belarus-Russia: Is bilateral integration happening?

Yauheni Preiherman

Summary

Since December 2018, Belarus and Russia have been in talks over the prospects of deepening their bilateral integration. The negotiations have taken place behind closed doors and provoked all sorts of rumours and fears in Belarus and the West. While difficult talks continue, the authorities in Minsk stress that national sovereignty is an absolute value and a “red line”.

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Originally published by GET Belarus

Negotiations and multiple conspiracies

In mid-December 2018, the Russian Prime Minister Dmitry Medvedev made a proposal to Belarus, which would later become known as an “ultimatum”. Essentially, he tied the resolution of numerous economic problems between Russia and Belarus to further bilateral integration. In particular, Moscow insisted that the allies should implement various provisions of the Union State treaty, which had been signed in 1999 and had never been put into effect in their entirety, if Minsk wanted Russian concessions on several difficult matters. The latter include the price of Russian gas for Belarus, uninterrupted access of Belarusian agricultural products to the Russian market, and a compensation for the negative repercussions for Belarus of the tax manoeuvre in the Russian oil sector.

The timing and contents of the “ultimatum” had an explosive public effect. Various theories began to circulate in the media as to hidden intentions behind the proposal. One of them gained particular popularity – that Vladimir Putin wants to use the Union State of Belarus and Russia to solve his 2024 problem. The suspicion went that when Putin’s current presidential term is over and he no longer can stay in office, the resurrected Union State can be used as a pretext for him to remain at the political top without resorting to potentially unpopular amendments to Russia’s constitution.

Even if such a plan has ever been suggested to Putin, it did not really have a chance, as it would mean an effective unification of Russia and Belarus and, thus, the loss of sovereignty by the latter. Needless to say, such a scenario is unacceptable for Minsk. And it is telling that Belarus dismissed right away the initial Russian proposal to establish supranational bodies of the Union State with certain political powers. Moreover, in April Lukashenka and Putin reached a clear agreement that the integration talks would stay strictly within the framework of the 1999 Union State treaty. That is important because the central principle enshrined in the treaty is that of parity. It foresees mechanisms on all levels of decision-making which Belarus can use to block unwanted developments.

> Nonetheless, the integration talks between Minsk and Moscow continue to feed widespread alarmism in Belarus and the West. This is aggravated by the fact that the negotiations are taking place behind closed doors and only a few people on both sides are aware of their details, while no proper public communication on the highly sensitive topic is in place.

As a result, any leak, real or fake, causes outbursts of public hysteria regarding Belarus’s weakening sovereignty, and conspiracy theories abound. At the same time, President Lukashenka and other top officials keep stressing that under no circumstances is the Belarusian government going to give up sovereignty.

What has been agreed so far?

After several months of talks in the first half of 2019, Minsk and Moscow agreed to work on the Programme of Actions by Belarus and Russia on Implementing the Provisions of the Union State Treaty. The programme should include 31 roadmaps addressing integration in different economic sectors, which have been at the centre of integration talks in recent months. Some sectors appear relatively easy to coordinate. For example,

banking oversight. Others – like the discussed unification of customs and tax codes and, of course, common oil and gas markets – seem far more complicated, both politically and technically.

Non-economic sectors – e.g. joint defence, state security, justice, education, healthcare, science, and public administration – are not at all covered by the roadmaps. In the words of the Belarusian Prime Minister Siarhei Rumas, the overarching idea of the programme can be summarised by the formula "two states – one market".

In the summer, Lukashenka and Putin stated that they intended to sign the integration programme on 8 December, that is on the 20th anniversary of the Union State treaty. However, already several months prior to the date, it became clear that a few hardly surmountable differences would make that goal unattainable. Indeed, in the end the presidents did not even schedule anything for 8 December and decided to hold a working meeting in Sochi a day earlier. In the presence of key negotiators from both sides, they spent the whole day trying to resolve the most difficult issues.

According to the Belarusian Ambassador to Russia Uladzimir Syamashka, the talks in Sochi facilitated advancement on several problematic issues. Most significantly, progress was registered in negotiations on customs, as the parties pledged to coordinate their respective legislations before June 2020. A tentative agreement was achieved to review the crude oil price formula used by Russian oil companies in their trade with the Belarusian oil refineries in Navapolatsk and Mozyr. In Syamashka's words, this "gives certain guarantees that Belarusian oil refineries should not experience any shocks in 2020". At the same time, compensations for the Russian tax manoeuvre in the oil sector will remain unavailable to Belarus until January 2022.

Another tentative solution discussed in Sochi relates to gas prices for Belarus. Apparently, Moscow is not excluding a possibility that the policy of equal gas pricing in the Union State, which Belarus has demanded since the 1990s as a natural precondition for any economic integration, might start being implemented in January 2021. Yet, Minsk insists the gas price it pays should be lowered significantly already in 2020 as a sign that Russia is serious about its promises. So, the governments will continue working on these issues until 20 December, when the next bilateral meeting between Putin and Lukashenka is expected. The current gas contract between Russia and Belarus ends on 31 December.

Finally, Syamashka said that a solution to another long-lasting problem has been found – that is, regular bans and limitations Russia imposes on Belarusian agricultural deliveries to its market. In recent years, dozens of such bans harmed the financial

standing of Belarusian producers. According to him, a new model of making decisions about imposing export bans has been agreed.

Thus, the Sochi meeting did produce a bit of clarity on several items on the negotiation table but too many issues still remain hidden from the public eye and are not at all clear to the negotiators themselves. Eight out of the 31 roadmaps under discussion still remain unagreed and talks continue.

Outlook

> For their own reasons, both Minsk and Moscow are interested in avoiding a major crisis in their relations.

So even though there is little chance that all 31 roadmaps will be agreed until the year's end, some specific agreements can be expected to emerge out of the upcoming meetings. But it is also certain that more tough negotiations are ahead, which will continue to cause waves of alarmism in the media and political circles.

What appears increasingly problematic for Minsk is that Moscow has essentially tied all existing bilateral difficult matters to further integration, even ones which seem fully irrelevant. For example, compensation for the contaminated Russian oil which damaged the Belarusian pipelines and oil refineries this spring and resulted in serious financial losses for Belarus.

However, it is important to understand that any risks that could undermine Belarusian sovereignty are longer-term rather than immediate. For now, Minsk is capable of saying no to any Russian proposals it deems harmful for its national interests. Here, the principle of parity stated in the Union State treaty plays an important role as it can be used to block any unwanted developments. Yet, in the longer-term this ability will depend on how successful Belarus is in diversifying its economy and foreign relations.

Yauheni Preiherman
Director, Minsk Dialogue Council on International Relations