Negotiations between Minsk and Moscow Encounter Fundamental Issues

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Summary

On 20 December 2019, another round of negotiations between Belarus and Russia on deepening bilateral integration took place in St. Petersburg. The talks have been going on for more than a year, and their previous high-level round took place in Sochi on 7 December.

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In fact, the only official statement following the results of the meeting was a comment from Russia's Minister of Economic Development Maxim Oreshkin, who said that only three blocks of issues remain unresolved. This means that the St. Petersburg round successfully addressed five more topics that remained open after Sochi. However, the remaining three packages of contentious issues block the possibility that the countries will sign the entire set of actions to implement the provisions of the 1999 Treaty on the Creation of a Union State of Russia and Belarus.

There are 31 roadmaps in the draft programme. Of these, oil, gas and taxes remain unresolved, according to Oreshkin. This is not a confluence of negotiation circumstances, but an objective trend. Properly these issues conceal the fundamental contradictions of the parties.

> With a certain degree of simplification we can say that these contradictions are associated with different perceptions of Moscow and Minsk regarding two phenomena: the essence of economic integration and the importance of sovereignty.

The essence of economic integration

Moscow proceeds from the fact that at any level of economic integration, the resources – above all, energy – must remain under its control. The Russian authorities want to be able to pursue an energy policy that matches their interests at a particular moment. At the same time, in exchange for integration, the Russian leadership is ready to provide resources to partners at lower prices than it does to other countries. Also, there is constant talk of the possibility in the future of reaching equal-netback pricing with partners, but this necessitates additional integration steps and, as a result, has been postponed.

Minsk, on the other hand, understands the equal profitability of prices as a prerequisite for economic integration within a single economic space (and especially in an economic union). That is, according to the government of Belarus, integration cannot take place if it does not initially imply equal economic conditions, including equal energy prices. Otherwise, within the framework of a single economic space, a large part of the Belarusian economy, a priori, falls into a non-competitive position, and the state budget carries serious costs. Therefore, for Minsk, energy prices are of paramount importance not in comparison with third countries, but in comparison with Russia itself. Russia is the principal market for Belarus, and, therefore, there is more significant competition with Russian companies.

The Belarusian authorities insisted that energy prices should have levelled off a long time ago within the framework of general integration logic, and according to previously concluded specific agreements. However, this has not yet happened. Accordingly, people in Minsk are asking themselves: where are the guarantees that it will be different now?

The meaning of sovereignty

On the issue of sovereignty, Moscow and Minsk do not seem to have openly declared contradictions. Both parties recognise the value of sovereignty and emphasise respect for each other’s sovereignty. In addition, the principle of parity, which protects the sovereignty of Belarus and Russia through the decision-making mechanisms in the Union State, runs through the entire 1999 union agreement. In this regard, it is important that Putin and Lukashenko, even at the initial stage of negotiations on deepening integration, agreed to remain strictly within the framework of the 1999 agreement.

Nevertheless, the tension around the topic of sovereignty is becoming noticeable. Of course, many are considering Belarus as the “fearing” side. In particular, the media circulate the point that Minsk is categorically against the creation of any supranational bodies.

Is it so? It is and it isn’t.

On the one hand, in relations between large and small states, the latter can benefit from the creation of supranational bodies with respect to economic interaction, if these bodies operate transparently and in strict accordance with regulatory agreements and international law in general. Under such conditions, integration allows to somewhat offset the difference in states’ size, and a smaller state wins due to increased predictability of relations and more “binding” obligations. Of course, Belarus would be interested in this.

On the other hand, however, if supranational bodies lack real transparency, and the provisions stipulated in the treaty are distorted by law enforcement in practice, then the smaller state finds itself in the exact opposite situation. Such integration, instead of guaranteed wins, carries guaranteed risks and threats for it, both economically and politically.

> With 20 years of integration experience to reflect upon regarding the framework of the Union State and almost 10 years with respect to the framework of the Eurasian economic project, is it possible to sincerely say that everything is done transparently and strictly according to the letter and spirit of the agreements which have been reached? Unfortunately not.

And this explains the serious fears of Minsk regarding its own sovereignty.

On the whole, it is difficult to imagine that Russia is ready to adhere to the principle of parity in relations with Belarus on a constant basis. This is largely understandable: the territory of the Russian Federation is about 80 times larger than Belarus, the population is 15 times greater, and the GDP is 29 times larger. But it is also clear that Minsk, under these conditions, does not want to assume obligations that without real parity will definitely lead to an erosion of its sovereignty.

These are the fundamental contradictions of the parties in the most general terms. Can a compromise be found to help overcome them? Surely, it can. However, more and more factors indicate that new approaches are needed to fit bilateral relations into a much wider geostrategic context.

The problem, however, is that the geostrategic context is now overwhelmed with multiple uncertainties that seriously complicate forecasting, even for a relatively short-term perspective. Therefore, so far Minsk and Moscow seem to be able to reach only temporary agreements, since neither side is interested in the fiasco of negotiations.

Nevertheless, the contradictions and the complex issues raised by them will remain on the agenda. Disputes and even public showdowns will arise. So experts should start a dialogue with the goal of reaching more daring and non-trivial strategic ideas.

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