Commentary
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Unsettled union: The future of the Belarus-Russia relationship

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Summary

Minsk retains enough power to decline any Russian proposal it deems unacceptable – even if this results in a further rise in economic tension.

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For more than a year, Belarus-Russia relations have regularly made headlines. In late 2018, Russia suggested that Belarus would have to accept deeper bilateral integration if it wanted to benefit from greater economic cooperation. The sides engaged in intense talks throughout 2019, hoping to reach an agreement by December. However, they not only failed to sign any significant new deals, but began 2020 without renewing their oil and gas contracts. As a result, Russia stopped its periodic deliveries of crude oil and gas to Belarus, escalating tension between the sides.

At the heart of the dispute is the Union State treaty, signed in 1999. Back then, Belarus and Russia created a unique integration format in which they retained their sovereignty, territorial integrity, constitutions, and other attributes of statehood. At the same time, the treaty stipulated the unification or coordination of most economic and social policies, as well as close cooperation on foreign policy and defence. In the longer term, it foresaw a united parliament, a single currency, and even a constitutional act.

Most importantly, the treaty is based on parity. It provides mechanisms to ensure that no Union State decision passes unless Belarus agrees to it. This is why the sides have never fully implemented the treaty.

> It is hard to imagine that Moscow will ever give Minsk equal say on a broad array of issues. Belarus, for its part, cannot agree to anything short of parity, as this would amount to a loss of sovereignty.

As a result, by the mid-2000s, the Union State steam seemed to have evaporated. Russia then started to initiate other integration projects in the post-Soviet space. Belarus joined them all, in the expectation that economic integration would lead to equal oil and gas prices for business entities across all participating states, among other things. And Moscow made commitments to that effect. But it never fulfilled them.

Russia claims that the preferential oil and gas prices it gives Belarus relative to third countries are a big enough a reward for integration. Yet Minsk remains concerned about cost disparities between Belarusian and Russian entities. As most Belarusian companies operate in the Russian market, these price differences put them at a disadvantage vis-à-vis their Russian competitors.

Since 2014, geopolitical tension has aggravated Russian-Belarusian disagreements about parity and economic integration. The confrontation between Russia and the West has emboldened those in Moscow who call for a tough line on Belarus by arguing that Minsk is falling short as an ally.

> Moreover, Western sanctions on Russia have prompted Moscow to push to reduce the costs of its alliances.

The current rise in tension between Belarus and Russia stems from a reform of Russian oil taxes. Minsk insists that Moscow should either stop providing subsidies to Russian oil refineries (designed to compensate them for their losses under the reform) or offer the same subsidies to Belarusian refineries. In response, Russia has begun to condition all its economic relations with Belarus on deeper integration within the Union State. Minsk agreed to negotiate on the issue, but declared that it would not allow any supranational body to limit its sovereignty or circumvent parity-based decision-making.

The talks have attracted so much attention due to one factor: as is often the case in post-Soviet states, they have taken place in a secret and involved only a small group of high-level officials. This secrecy has generated fear that Belarus will concede its sovereignty to Russia.

Conspiracy theories abounded. According to one of these tales, President Vladimir Putin wants to merge the countries to acquire a legal reason to bypass constitutional term limits and stay in power beyond 2024. And, while such a scenario never seemed likely (even before he confirmed that he would change the constitution by another method), the lack of a coherent public relations strategy from the Belarusian government and sporadic leaks from the negotiations only reinforced such suspicions.

In fact, the talks stalled due to fundamental disagreements on three issues: oil, gas, and the coordination of tax systems. Neither side wants to make serious concessions in these areas.

The current state of the relationship between Moscow and Minsk raises numerous questions about Belarus's future. The relationship may be unique, but changes in the international context will continue to reshape it.

Crucially, it is not a one-way street. Yes, Russia is big and Belarus is small. And Moscow certainly has the instruments to severely harm Minsk if it chooses to do so.

> However, contrary to popular assumptions, Russia does not seem to have a grand plan for changing its relationship with its ally.

Of course, the Kremlin has broad interests and instincts that determine its behaviour and its red lines but, faced with extreme domestic and international uncertainty, it can only muddle through.

It is in this context that Moscow has increased pressure on Belarus in recent months. Minsk retains enough power to decline any Russian proposal it deems unacceptable – even if this results in a further rise in economic tension in the coming months.

However, the real question hanging over the Russia-Belarus relationship concerns its development in the long term.

> If Belarus fails to diversify its economy and diplomatic relationships, it will eventually find itself in a more perilous situation.

The country will not only become more vulnerable to Russian pressure, but will increasingly look – to foreign observers – like a country with an uncertain future, a perception with damaging political and economic repercussions.

Thus, Minsk has a lot of work to do. And the European Union would do well to help it in this endeavour, because – as recent years have shown (particularly Belarus's position on events in Crimea and Donbas) – Belarusian sovereignty remains important to European security. Moreover, the EU would struggle to improve its relations with Russia if Belarus descended into chaos. In this sense, a stable Belarus is key to easing tensions between Russia and the West in eastern Europe.

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