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Without doubt the gas conflict between Russia and Belarus was the event that captured our attention last month. It drew attention, it made headlines. However, this conflict seemed a bit fake. Possibly namely because it made headlines. Both sides could have quietly played the zero-sum money transfer game. It seemed as if both sides just wanted to test each others' patience and arguments once again, to strengthen positions.

Yet each such dispute is a mini battle for Belarusian energy security. Energy security, understood by Belarusian authorities as cheap energy, determines economic, political and even military security in Belarus and in the region. In this issue the perception of military security in the public opinion of Belarus is presented by *Dzianis Melyantsou*. In the future, it would be interesting to get familiarized with Belarusians' attitudes towards other forms of security such as economic, energy and ecology. In these spheres the West, represented by the EU, would definitely be an attractive partner.

Certainly, one can be a desirable partner in people's minds yet reality often limits the spheres of partnership. Belarus' dependence on Russia at the moment is unchangeable. Experts claim that, although Belarus has not made the final decision to join the Custom Union, in the end it will become part of it since the access to the Russian market is at stake. The economic implications of accession to the Customs Union for Belarus are in detail presented in *Irina Tochitskaya's* contribution.

To be involved in a number of political and economic integration projects lead by Russia and at the same time to be so adversarial to Moscow is somewhat unique. Whether this uniqueness will be advantageous for Belarus and its people remains to be seen.

Julija Narkeviciute, Editor

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SECURITY IN THE PUBLIC OPINION IN BELARUS

Dzianis Melyantsou, Belarusian Institute of Strategic Studies

The Belarusian Institute of Strategic Studies (BISS), in cooperation with the NOVAK research laboratory, has recently conducted a study of the public opinion in Belarus, focusing on security issues and Belarusians' attitude towards military-political blocs. On the whole, the results of the study confirmed the low level of awareness of Belarusians about NATO and CSTO, as well as their poor interest in the military security issues.

Security Threats: What Are Belarusians Afraid Of?

19.8% of Belarusians believe, the military threat is real for their country. This is the evidence of the remains of the Soviet stereotypes confirmed by the direct link between positive answers on the presence of the external threat and respondents' age. The feeling of external threat depends neither on sex, nor financial position of the respondents. However, it depends on their professional activity: the unemployed (66.7%), enterprises' heads of divisions (33.3%), and personnel with higher or special secondary education (29.5%) have a stronger feeling of external threat. Among the sources of military threat they mostly mentioned NATO (6%), the USA (6.6%), the West in general (1.4%) and Russia (0.4%).

According to the poll, the most anti-American category of the population are the unemployed (66.7%), the disabled (7.7%), and the housewives (2.2%), which might be a consequence of stronger (in comparison with the other categories) influence of the state propaganda broadcast on TV. 13.9% of the respondents think other countries have territorial claims to Belarus. Among such countries they mostly mentioned Poland (6.4%), Russia (2.3%), and Lithuania (1.3%). Positive answers about the existence of territorial claims to Belarus are linked to the age of the respondents. 36.4% of the positive answers were given by the 45-64 age group. There is also a direct connection between the conviction of the presence of territorial claims and the financial welfare of the interviewees: 20% of respondents with high income, and only 1.4% of respondents with low income believe in the territorial ambitions of Russia.

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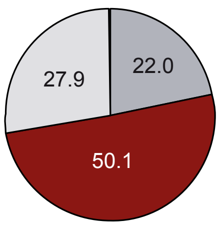
Attitudes Towards NATO

22% of the population believes that Belarus should develop its relations with NATO, while 10.6% support Belarus joining the Alliance. It is worthy of note that in both cases the percentage of DK/NA (Don't know/No answer) is quite high: 27.9% and 26% correspondingly. That might indicate insufficient awareness about NATO and its activity. At the same time, 43.4% of the respondents see NATO as a source of military threat if asked a close-ended question (with possible answers given), while only 6% of the interviewees respond the same way if asked an open-ended question (with no possible answers given). This fact can be interpreted as a gradual (but still not final) "decay" of the "cold war" stereotypes about the Alliance.

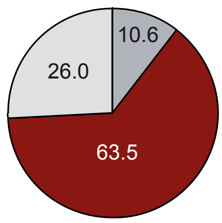
Cooperation with NATO is supported by 28.8% of the respondents aged between 18-24, and only 16.8% of the respondents over 65. Support of cooperation with NATO depends even stronger on the financial situation of citizens. Thus, half of all high income respondents support cooperation with the Alliance, while only 17.2% citizens with low income are supporters of the cooperation.

Social profile of a supporter of Belarus' membership in NATO: a young man under 35, winning income above the average, living in Brest or Minsk region and having an executive position at work. On the whole, this social profile corresponds with the profile of a pro-Western oriented Belarusian.



Do you think Belarus should develop cooperation with NATO? (%)

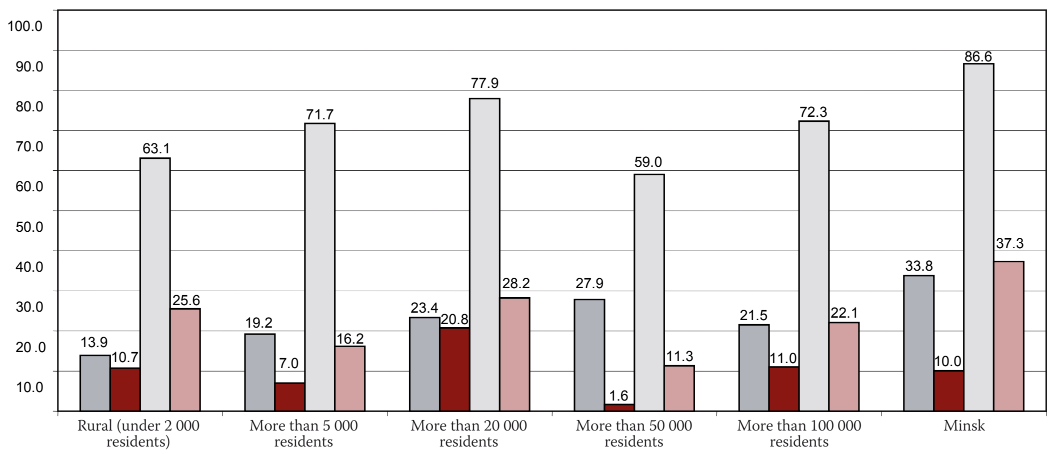
- Yes
- No
- DK/NA



Belarus should become member of NATO (%)

- Agree
- Disagree
- DK/NA

Choice of security configuration depending on the place of residence



- Belarus should develop cooperation with NATO
- Belarus should become member of NATO
- Belarus should keep the union with Russia and other CIS countries within CSTO
- Belarus should obtain the neutral status provided for in the Constitution, not join any military unions and terminate the existing memberships

* AGE1 Crosstabulation

According to the poll, the most anti-American category of the population are the unemployed, the disabled and the housewives that might be a consequence of stronger (in comparison with the other categories) influence of the state propaganda broadcast on TV.

Russia And CSTO

71.9% of the respondents think it is necessary to keep the union with Russia and the CIS within the CSTO framework. 8.3% do not agree with this statement, which is somewhat less than the percentage of people supporting Belarus joining NATO. In other words, some respondents assume that Belarus can be member of both military-political blocs at the same time.

On the whole, the profile of the pro-Russia and CSTO-oriented person is an antipode of the profile of the NATO supporter. However, supporters of the union with Russia dominate in all age and social groups.

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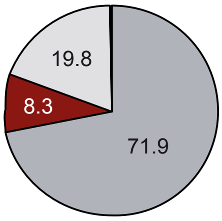
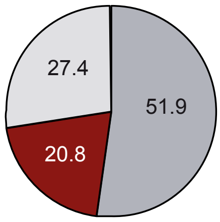


Belarus should keep the union with Russia within CSTO (%)

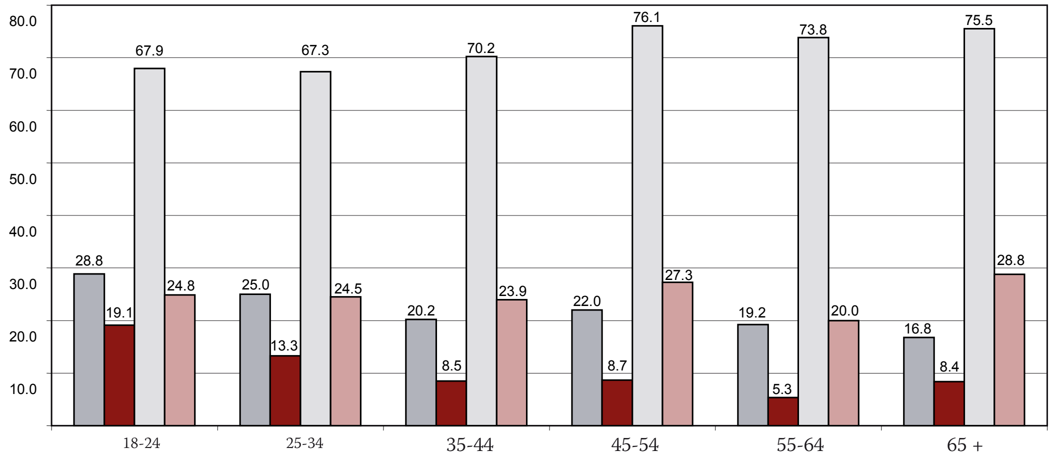
- Agree
- Disagree
- DK/NA



Cooperation of Belarus with NATO will spoil our relations with Russia (%)

- Agree
- Disagree
- DK/NA

Choice of security configuration depending on the age of respondents



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* AGE1 Crosstabulation

Neutrality

25.2% of the respondents are convinced that Belarus should become a neutral state and leave the existing blocs. However, the opponents of the neutrality are 10% stronger, making up 35.8% of the population. Meanwhile, 39% did not make up their mind, which is the evidence of considerable inertia of mass consciousness and slow reaction to changes in the state propaganda. The attitude to neutrality almost does not depend on age and sex of the respondents, but depends on income level. Thus, the number of neutrality supporters among the people with high income is two times higher than among any other group, and makes up 50%. There were quite many undecided respondents in this group – 40% (while only 10% were against). Interestingly enough, 36.4% of respondents in this group earlier supported the idea of Belarus joining NATO, which is not compatible with the neutral status.

The potential of constructing the public opinion remains high, as the significant percentage of the population did not make up their mind on the issue of geopolitical direction.

Basic Conclusions:

- High percentage of DK/NA answers demonstrates poor interest of the population in military security issues, as well insufficient awareness of the issue. That is confirmed by the fact that among the undecided there are more citizens with lower income (they have other things to think about), while opinions are more polarized among the people with higher income.
- On the whole, anti-Western moods in security issues dominate in the country. However, the potential of constructing the public opinion remains high, as the significant percentage of the population did not make up their mind on the issue of geopolitical direction.
- We observe some inconsistency in answers: some categories of respondents assume possibility of simultaneous membership of Belarus in different military-political blocs, or simultaneous membership in one of the blocs and the neutral status of the country.
- The idea of Belarus' neutrality is not supported by the population. However, the sufficient percentage of the undecided leaves the window of opportunity for political forces aiming at the neutral status for Belarus wide open.

Despite the dubious success of the previous regional trade initiatives within the CIS, in September 2003 Belarus, Russia, Kazakhstan, and Ukraine concluded a draft agreement on the Single Economic Space (SES).

THE CUSTOMS UNION BETWEEN BELARUS, KAZAKHSTAN AND RUSSIA: ECONOMIC IMPLICATIONS FOR BELARUS

Irina Tochitskaya, IPM Research Centre

Introduction: History Of Integration

After break up of the USSR followed by economic disruption the CIS countries endeavored to maintain and restore the economic ties, to remain in traditional export markets, and to decrease the competitive pressure from the rest of the world using high external trade barriers. Therefore, in the first half of the 1990s a large number of regional trade agreements have been signed within the CIS.

The CIS counties *Free Trade Zone* (FTZ) should be considered as the first attempt of trade cooperation between Armenia, Belarus, Georgia, Moldova, Kazakhstan, the Kyrgyz Republic, the Russian Federation, Tajikistan, Ukraine, and Uzbekistan. However, that agreement had not been ratified by Russia, which asked for exemptions from the FTZ (particularly on oil and gas), and therefore the Free Trade Zone did not come into force.

In 1995 three countries - Belarus, Kazakhstan and Russia - established a Customs Union that Kyrgyz Republic and Tajikistan agreed to join in 1996.[1] In October 2000 the member countries decided to reorganize it into the Eurasian Economic Community (EURASEC). The decision was ratified in May 2001. The countries intended to set a common external tariff (CET) on goods coming from the third countries (non-CIS) and to harmonize non-tariff barriers. Yet, the member states failed to reach the proclaimed goals. The reasons for that were diverse structure of the economies and different levels of economic development in Belarus, Kyrgyzstan, Kazakhstan, Russia, and Tajikistan. Consequently, they failed to concur in their willingness to protect or open the economic sectors to international competition. Besides, Kyrgyzstan, being a WTO member since 1990, conducts its trade policy in accordance with taken obligations, including the external tariff level. In addition, due to different reasons the countries have more and more reoriented their trade away from the regional trade agreements (RTA), leaning to excess of extra-regional trade over intra-regional for all member countries. As a result, the share of intra EURASEC exports shrank and amounted to 9.5% in total export in 2008 whereas intra-bloc imports reduced to 18.5%.

1 Some other RTAs were created by CIS countries in the Central Asia and Caucuses (GUUAM, Central Asian Economic Union (CAEU), but since Belarus did not participate in those regional agreements we do not consider them in this paper.

Beyond the above mentioned agreements Russia and Belarus signed the Treaty on the Creation of a Union State in 1999. It provided for formation of the common economic space and monetary union, as well as establishment of supranational institutions, i.e. the Supreme State Council, the Council of Ministers, and the Union Parliament. However, all of its economic undertakings remained on paper.

Despite the dubious success of the previous regional trade initiatives within the CIS, in September 2003 Belarus, Russia, Kazakhstan, and Ukraine concluded a draft agreement on the Single Economic Space (SES). The concept of SES was rather vague mainly due to position of Ukraine, which previously avoided participation in RTAs that presupposed creation of supranational bodies and went beyond free trade agreements. In addition, Ukraine introduced a provisional clause that SES must not contradict the Ukrainian Constitution and the strategic goal of integration into the EU. In the process of SES formation the countries had different positions and visions of the RTA. Thus, Russia and Belarus wanted to introduce a common currency and to form a customs union, while Ukraine insisted on a free trade zone without exceptions and limitations. These apparent contradictions have resulted in a failure of the SES regional initiative.

New wave of regionalism within the CIS arose in 2007 when EURASEC member states realized that it remained an incomplete free trade zone with trade discrimination problems (e.g. antidumping investigations), while the countries had not been able to settle their differences. Therefore, it was decided to implement regional integration initiatives within that RTA at diverse speed and different levels, i.e. Belarus, Kazakhstan and Russia planed to set a CET and to create a customs union, while Kyrgyzstan and Tajikistan would stay in a free trade zone. Alongside with that EURASEC has remained operational.

In November 2009 the presidents of Belarus, Kazakhstan and Russia have reached an agreement on creation of a Customs Union since January 1, 2010, which presupposed not only formation of the common customs space from July 2010, but was to pave the way for deeper economic integration, namely the single economic space that is expected to be launched in January 2012. Such an extremely short term for creation of a single economic space is highly unlikely to prove realistic. From the experience of the EU, which at present is the only really functioning common economic space, it is evident that such a deep integration requires a lot of time and a high degree of coordination. The countries participating

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in the Customs Union are unlikely in two years time to have reached an agreement on a wide range of highly sensitive issues, such as equally beneficial prices on natural resources, for instance.

On November 27, 2009 the EURASEC Interstate Council (supreme body of the Customs Union) approved the Customs Code and a Common External Tariff (unified external duty rates). In addition it was announced that the countries would seek to join the World Trade Organization (WTO) simultaneously and form a single economic space in 2012. On March 25, 2010 the Customs Union Commission of Belarus, Kazakhstan and Russia approved the mechanism of import customs duties distribution between the countries. According to the decision, Belarus will obtain 4.7% of the total sum of customs duties, Kazakhstan – 7.33%, and Russia – 87.97 %.[2]

Undoubtedly, the fact that member countries managed to find a common position on the type of RTA, its functioning, possible supranational bodies, tariff regimes and introduction of CETs was an important step towards real integration of the three states. It should be mentioned that all efforts undertaken earlier did not bring desirable results, mostly due to the fact that member countries (apart from Belarus and Russia) were reluctant to unify their national tariff regimes.

Yet, the haste accompanying the establishment of this regional trade agreement raised experts' concern about its design and economic justification. It has to be mentioned that until the decision to creation the CU was undertaken, Belarus, Russia and Kazakhstan consistently reoriented their trade flows towards the rest of the world countries. For example, the share of the third countries in Belarusian exports increased from 34.14% to 67.1% during 1998-2008, while Russia's share fell from 65.2% to 31.9%. Kazakhstan' share has not exceeded 1.1% during the period under consideration. The same trends are observed in Russia and Kazakhstan.

Therefore, many experts agree that one of the main reasons for Belarus to join EURASEC CU was the expectation that all trade barriers, including the oil export duties, would be abolished. However, Belarus and Russia did not succeed in reconciling the controversy concerning export tariffs on oil and finally Belarus applied to CIS Economic Court with the demand to ban Russian export duties as their imposition violates international legal documents signed between Russia and Belarus. In its turn, Russia insists on withdrawing the energy sector from integration, and, consequently, on exemption of oil products from the free trade regime until 2012, i.e. until the Common Economic Space is created.

Another sensitive issue for Belarus is the import tariffs on foreign automobiles for individuals. According to the signed agreement, customs duties for legal entities were increased from January 1, 2010; the tariffs for individuals should be harmonized with the Russian external tariffs on July 1, 2010. Yet, Russian import tariffs on used cars are 5-10 times higher than Belarusian ones and are virtually prohibitive. For example, according to the pre-CU import tariff, individuals in Belarus were to pay for a car with engine 2000 м3 produced in 2003 the amount of customs duty equal to 800 EUR, while according to the CU tariff rate the duty would be 8,000 EUR. For new cars the CU import tariff is also substantially higher than the national Belarusian tariff (30% of car value in comparison with 0.75 EUR per cubic meter of engine before CU). It is noteworthy that in 2008 the budget earnings from customs duties on cars approximately accounted for 25% of total budget earnings from customs duties, in 2009 this share increased to 33%. After introduction of the CET import of used cars to Belarus will be stopped, and, according to the estimation of the Belarusian Automobile Association, the number of imported new cars will go down by 3-4 times compared with 2009. Accordingly budget revenues from customs duties on cars will be reduced by 7 times. Therefore, Belarus made a decision not to change duties on automobiles imported by individuals to Belarus from July 1, and framed it as an exemption from the common customs area.

Due to the above mentioned fundamental disagreement between Russia and Belarus, on May 28 only two countries, Russia and Kazakhstan, signed the Customs Code and other agreements related to the CU. They decided to launch the Customs Union from July 1. It has to be noted that the union will be launched with exceptions in many key product categories. And despite the fact that formally the Customs Union came into existence on January 1, 2010, it will come into force only when the Customs Code is approved. Therefore, Belarus appears to be out of the first stage of the CU. Later the Belarusian Minister of Economy announced that Belarus plans to rejoin the Customs Union with Russia and Kazakhstan and to ratify the Customs Code before July 1, 2010. The lower chamber of the Belarusian parliament received it for consideration on June 8. Along with the Customs Code, it is planned to ratify the protocol on introducing amendments and additions to the agreement on the Customs Code. This Code has already been ratified by the Russian State Duma and Kazakhstan parliament in the end of May and on June 10 respectively.

Later the First Deputy Prime Minister of Russia Igor Shuvalov announced that the final decision on Belarus participation in the Customs Union would be made in Astana on July 5 during the meeting between the presidents of Belarus, Kazakhstan and Russia, held within the framework of the session of the Eurasian Economic Community (EURASEC) Interstate Council. In his turn, Belarusian President Alexander Lukashenko stated on June 18 that Belarus would sign the documents on the Customs Union only if Russia immediately eliminated the duties on petroleum products and lifted the duties on oil from January 1, 2011. However, many experts believe, Belarus will finally join the Customs Union as otherwise it will be at risk of losing the preferential access to the Russian market.

2 http://www.tsouz.ru/KTS/meeting_2010_03_25/Pages/R_199.aspx.

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Until the decision to creation the CU was undertaken, Belarus, Russia and Kazakhstan consistently reoriented their trade flows towards the rest of the world countries.

Bearing this in mind we are going to briefly examine the economic implications of possible Belarus' membership in EURASEC-CU.

Economic Implications For Belarus

Changes in tariffs and trade flows

The import tariffs unification before creation of the EURASEC Customs Union was at the level of 65%, herewith. Belarus and Russia harmonized 95%, while Russia and Kazakhstan only 38% of the tariffs (as a consequence Kazakhstan will have to raise tariffs on more than 5,000 goods, therefore it is allowed to apply different tariffs than those agreed at the CET in 409 goods categories for a transition period that will last until 2015).[3] The tariff regime of the new Customs Union is substantially based on Russian duties (92%). Therefore, according to Vice Prime Minister of Belarus Andrey Kobiakov, 74.6% of Belarusian tariff lines will be the same as before the EURASEC CU while tariffs on 18.7% goods will be increased, and on 6.7% - decreased. Belarus preserves the system of authorized economic operators for alcohol products, tobacco goods, fish and seafood. These commodities can be imported to Belarus only by the so-called "special importers". In addition, the countries adopted the list of 1,141 sensitive goods, 632 of which are important for Belarus, tariffs on which will remain unchanged.

The most considerable increase in customs duties is registered for the following commodity groups:

- Meat and edible meat offal (increase from 10 to 20 percentage points; however, for some specific goods within this group, e.g. 'refrigerated pork' the rates grew up to 50 percentage points);
- Sugars and sugar confectionery;
- Aluminum and articles thereof (e.g. the increase in external tariff in the commodity line 'Twigs and sections from Aluminum' reaches 100 percentage points);
- Articles of apparel and clothing accessories (up to 10 percentage points);
- Vehicles other than railway or tramway rolling stock (thus within a subgroup 'Motor cars and other motor vehicles principally designed for the transport' the external tariff has increased by 20 percentage points (up to 30%) on a new vehicle, and by 500 percentage points on a second hand vehicle; within a subgroup 'Motor vehicles for the transport of goods' the customs duty has been raised on average by 15 percentage points on second-hand motor vehicles, and by 15-20 percentage points on new ones.

The following goods have experienced the reduction in external tariff:

- Iron and steel;
- Machinery and mechanical appliances; parts thereof;
- Electrical machinery and equipment and parts thereof; sound recorders and reproducers (by 10-20 percentage points);
- Wool, fine or coarse animal hair; horsehair yarn and woven fabric;
- Headgear and parts thereof (by 5 - 10 percentage points);
- Photographic or cinematographic goods;
- Special woven fabrics; tufted textile fabrics; lace, tapestries; trimmings (by less than 5 percentage points).

The calculations based on changes of the weighted average tariff, the volume of imports from non-CIS countries and import demand elasticity show that introduction of the common external tariff will result in the reduction of imports from non-CIS countries which may reach 8% of the Belarusian non-CIS import in 2008.

The increase in external tariff rates and reduction in imports for the commodity groups such as meat, products of the milling industry; malt, starches, sugars and sugar confectionery, textile articles is favorable for Belarusian producers, as it will help them to improve competitive positions both on Belarusian and Russian markets.

The growth of customs duty for commodity group such as aluminum and its articles will result in diversion of non-CIS imports and its replacement by Russian manufactures. The upward trend in tariffs on products of automobile industry (commodity group 'Vehicles other than railway or tramway rolling stock') also correspond to Russia's interest since *Volvo* and *Daimler AG* are opening truck assembling plants there, while *Setra* and *Mercedes* buses and coaches are already being assembled in Russia. The above mentioned plants together with *Kamaz* are expected to be the main rivals for Belarusian automotive industry products on the Russian market in the nearest future.

Introduction of the CET will bring about the rise in non-CIS imports of some groups of commodities due to lowered customs duties. Primarily it applies to the following commodity groups:

- Animal or vegetable fats and oils;
- Mineral fuels, mineral oils and its products;
- Plastics and articles thereof;
- Fur skins and artificial fur; manufactures thereof;
- Wool, fine or coarse animal hair; horsehair yarn and woven fabric;
- Man-made filaments;
- Carpets and other textile floor coverings;
- Special woven fabrics; tufted textile fabrics; lace, tapestries; trimmings;
- Articles of apparel and clothing accessories;
- Footwear;
- Machinery and mechanical appliances; parts thereof;
- Electrical machinery and equipment and parts thereof; sound recorders;

3 http://www.government.by/en/eng_dayevents20091204.html.

However, Belarus and Russia did not succeed in reconciling the controversy concerning export tariffs on oil and finally Belarus applied to CIS Economic Court with the demand to ban Russian export duties.

- Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof.

It should be noted that the decrease in tariffs on carpets, apparel, and footwear will make Belarusian companies less competitive in national and Russian market, as well as it may reduce Russian imports of the above mentioned goods. The growth of imports of the last three commodity groups which belong to the so-called investment goods, will promote technical upgrading of Belarusian enterprises, and should undoubtedly be treated as a positive fact as it can result in the improvement of competitiveness of their products in the future.

Customs Union Membership And WTO Accession

After the creation of the Customs Union the member countries announced their willingness to jointly enter the WTO. However, the rules and procedures of WTO accession do not provide for that. Moreover, Russia concluded bilateral negotiations with 60 countries within the WTO working group. There are only a few unsettled questions on the way of Russia's WTO accession, e.g. support of agriculture, export tariff rates on timber, and regulation of state companies' activity. On the whole, it has moved well ahead of Kazakhstan and Belarus. Many experts associate Russia's statement about its willingness to start WTO accession as a part of the Customs Union with its annoyance concerning protracted negotiations and the position of the USA.

Being aware that joint WTO accession is unrealistic Russia announced that it will make the final decision on how to enter the Word Trade Organization (as a CU or separately) after evaluating its negotiations with the WTO in 2010. Moreover, according to some statements of Russian officials there is a high probability that Russia will manage to become a WTO member until the end of 2010. Therefore it is unlikely that participation in the EURASEC CU will allow Belarus to speed up the process of WTO accession. Coordination of its position with Russia does not seem to be realistic either, since Russia made more progress on the way to WTO. In addition, the statement of the Belarusian MFA claiming Belarus is not going to accelerate negotiations for WTO accession is in disagreement with Russia's willingness to enter this organization in the nearest future. As for coordination of the negotiation positions with Kazakhstan, it will be possible only on a narrow range of issues since the countries have rather different structures of national economies.

Conclusions

After the introduction of a CET the level of tariff protection in Belarus has not changed noticeably. The simple average tariff decreased insignificantly, while weighted average tariff slightly grew up and accounted for 10.34%. Nevertheless, the calculation shows that as a result of the introduction of CET, the reduction in the volume of imports from non-CIS countries may reach 1.1 bn USD (8% of Belarusian non-CIS import in 2008). Yet, it will be mostly due to the stop of used cars import from non-member countries.

Participation in the EURASEC CU can also strengthen Belarus' position as a transit country through less bureaucracy at the border with Russia.

However, it is unlikely that CU membership will bring about the FDI inflow in Belarus. Firstly, it was empirically proven that other factors such as liberalization and macroeconomic stabilization (e.g. comprehensive privatization program which opens several industries to foreign investment), property indices, legislative and regulatory environment regulating foreign ownership rights are more important determinants for FDI inflows to countries like Belarus than regional integration. Secondly, in case of South-South RTAs (the type of EURASEC countries CU) the FDI usually goes to the bigger country, i.e. to the bigger market. Therefore, it is reasonable to assume that in the regional arrangement in question Russia will be the main beneficiary of FDI inflows.

It is unlikely that participation in the EURASEC CU will allow Belarus to speed up the process of WTO accession. Firstly, WTO rules and procedures do not provide for possibility to join it within a customs union. Secondly, coordination of Belarus' position with Russia seems to be unrealistic since the latter made more progress on the way to WTO.

Finally, further implications of Belarus participation in the newly created regional trade agreement will highly depend on the common CU external and internal trade policy. Belarus membership at EURASEC CU can be considered as a positive element of the national trade policy only if the member countries constantly decrease the level of protectionism via reduction of Common External Tariff, decline non-tariff barriers, harmonize sanitary and phyto-sanitary norms, since all that may not only lead to increase in trade flows but also bring about a rise in consumer welfare and producer competitiveness.

Opinion expressed by the authors of "Bell" does not necessarily correspond with that of the Eastern Europe Studies Centre.

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Nordic Council of Ministers

TO CONTRIBUTE TO THE NEXT ISSUE OF "BELL", PLEASE CONTACT:

Julija Narkeviciute
Phone: +37067805634
Fax: +37052736953
E-mail: julija.narkeviciute@eesc.lt
EASTERN EUROPE STUDIES CENTRE