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## CONCEPTS OF FREEDOM: FROM STATE TO THE SOCIETY

The *Bell* newsletter continues its mission to provide a platform where Belarusian scholars, researchers and journalists reflect upon the most important issues of their country. The recent *Bell* articles were preoccupied with the developments of the presidential election and its crackdown. Though this edition tries to distance itself from the election agenda, the topics discussed are no less relevant for Belarus. Outwardly very different themes suggest a significant common feature, namely – the freedom.

In the article *Integration Unions* Tatiana Manenok presents a thorough analysis of the motives, imperatives and arguments behind the Russia-Belarus agreement to establish the Common Economic Space. The agreement, which was signed on December 9, 2010 and will take action on January 1, 2012, will have important geopolitical implications for both countries. According to Tatiana Manenok, Lukashenka achieved significant success and managed to negotiate more favorable conditions for Belarus. The compromise regarding duty-free mechanism of oil supplies is particularly important in this context. In the end, however, as much as geopolitically and economically dangerous the

participation in the CES might be, Belarus didn't have the space for geopolitical maneuvers and couldn't force its way out of Russia's initiative; it didn't have the freedom of choice.

In the second article '*Caviar opposition' and civil society before Freedom Day Rally* Andrej Dynko writes about freedom in a completely different context. Namely, the author examines whether there are preconditions for Belarus' opposition to mobilize itself for a Freedom Day Rally on March 25. The date commemorates the creation of the Belarusian People's Republic in 1918 and is being celebrated by the free society and denied by the government. As the annual holiday approaches, the 'conventional opposition', political parties, remain strikingly passive. In this context, activeness and solidarity, demonstrated by various informal groups and internet activists after the elections is seen in a new light. Andrej Dynko asks: will they be able to mobilize the rally? Are they able to do something more creative than the politicians they have often criticized?

Justinas Pimpè, Editor

## INTEGRATION UNIONS

*Tatiana Manenok Head of economics department of analytical weekly Belorusy I Rynok*

### Customs Union: Belarusian choice with no choice

It was quite obvious during preparation of the Customs Union framework agreements in 2009-2010 that Russia did not want to pay for its creation. However, without any energy bonuses from Moscow, Minsk showed no interest in the project. The Belarusian government found no sense in creation of a new structure if, above all, Russia did not cancel customs fees on oil and oil products.

For a long time Moscow did not want to give in. That was exactly the reason the customs "troika" stuck on in the very beginning of the project, when forming the single customs territory.

The official Minsk fought to the last for abolition of customs fees for oil and oil products. The Kremlin's desire to make the Belarusian president sign the Customs Code as soon as possible became the reason of the gas war between Russia and Belarus in June 2010.

### Desired carrots: Cheap Energy Resources

It was evident that Lukashenka would have to sign it – he was cornered. The Russian officials made

**In its desire to hasten free trade of energy carriers, which was the most attractive point of the package, Belarus became the most interested party of the new integration project with the Russian Federation.**

their meaning perfectly plain -- if Belarus slows down preparations for signing the Customs Code, losing the free trade deal with the Russian Federation and paying customs duties on natural gas and oil would be fatal for Belarusian economy, headed for Russian market and buying Russian energy carriers on preferential terms.

In the beginning of July Lukashenka had to sign the Customs Code (and what could he do – facing the prospects of stronger borders with the Russian Federation and export duties on natural gas?). At the same time, Minsk pressed Moscow for abolition of oil duties for Belarus immediately after ratification of the whole package of the Common Economic Space.

In its desire to hasten free trade of energy carriers, which was the most attractive point of the package, Belarus became the most interested party of the new integration project with the Russian Federation. Being motivated so strongly, the Belarusian government tirelessly worked on the Common Economic Space documents. And they managed to get their way.

On December 9, 2010, after a 1.5 hour meeting of Dmitry Medvedev and Alexander Lukashenka, the package of CES agreements was “triumphantly” signed (it will take action on January 1, 2012). The agreements were signed only when Belarus’ oil issues had been resolved.

Within the CES package, the oil agreement was signed on the terms beneficial for Belarus.

Here are some of the benefits for Minsk: a possibility to receive 4.1 billion USD thanks to duty-free mechanism of oil supplies within the framework of the Customs Union – if Russia imports 21.7 million tons of oil. Belarus gets this oil margin due to the fact that the Russian export duties on oil products are still significantly lower than the export duties on oil. The Russian government, reluctant to subsidize the Belarusian business of oil refining, was going to raise duties on oil products up to 90% of the crude oil duty (now staying on the average level of 56%). However, they did not dare to do that, realizing that their oil refinery plants would need support with huge state subsidies, which are difficult to find in the budget. For now, Russia has a very soft plan of raising duties on oil products – up to 60% of the oil duty by 2013.

Besides that, Belarus received an opportunity of exporting its own oil (about 1.7 million tons), which makes up about 500-700 million USD, depending on the state of affairs. Finally, no one counted the effects for the Belarusian petrochemistry, which, after a year-long ban, gets an opportunity to buy duty-free petrochemical raw material.

Besides that, appealing to the agreements on the Common Economic Space, Belarus wanted to beat down the prices on gas right away – from 2011. Creation of the Common Economic Space gave Minsk the grounds to review the former gas formula, which said Minsk had to be the first country of the

customs “troika” to reach equal net-back prices by January 1, 2011.

Among other documents in the CES package, the parties signed the Agreement on the rules of access to services of natural monopolies in the sphere of gas transportation via

gas-transport systems. According to the agreement, Russia and Kazakhstan undertook to reach equal net-back prices for gas in the home market by January 1, 2015. Since gas prices in these countries are now lower than in Belarus, a transit period (2012-2014) is foreseen for them, Belarus wants to reach equal net-back prices simultaneously with Russia and Kazakhstan, that is why it strives for softening the price right away, and does not want to wait for its start from 2012, as it was promised.

Although Russia refused to review gas prices for Belarus for 2011, Belarus can count on certain gas bonuses from signing the new gas contract for 2012. The matter is, in 2006, when signing the current agreement on the terms of gas supplies, Belarus picked the gas price in Poland as a basic level, which at that time was lower than the average European price. However, now, with the advent of a cheaper shale gas, the situation in the European market changed: gas price for Poland is higher than the average gas price in Europe.

Belarus is proposed to use this factor when signing the new gas agreement: to peg to the average European, not to the Polish price. There are some advantages in that. First of all, the average European price is more balanced. Besides that, the cost of transportation to an average conditional point in Europe is higher, i.e. the transport deduction in the gas price formula is bigger.

Both factors will allow Belarus to receive the price lower than it is now. It is estimated that, if Belarus used that opportunity in 2011, it would get the price about 30USD/thousand cubic meters lower than it has to pay now (in the first quarter of 2011 Belarus pays for gas about 230 USD/thousand m3).

### **CES Declarative Package**

President of the Russian Federation D. Medvedev, emotionally pointed out after signing the CES documents, “due to titanic efforts”, the regulatory framework was formed a lot earlier than he thought.

Trade relations between Belarus and Russia are regulated by the intergovernmental agreement on measures for development economic and trade cooperation, signed on March 23, 2007. The document was expected to solve the problems which provoke “trade wars” between the two closest partners. At that time the Russian Federation spoke about 22 restrictive measures Belarus applied to Russian goods that kept Russian companies out of the Belarusian market. Besides that, Moscow pointed out the facts of direct or indirect investment support the official Minsk was rendering to its producers. Russia wanted national treatment in the sphere of

## It turned out, in the rush to CES, the parties withdrew some fundamental points from the basic documents

state purchase contracts, abolition of forbidden subsidies (as realized by WTO), the procedure of holding tenders in Belarus, etc.

In much the same way, Minsk laid a number of claims to the Russian Federation on many trade positions. From that time the relations of the two closest allies did not change much. Nevertheless, the parties signed a package of economic agreements on the CES. It would be legitimate to ask: why?

It turned out, in the rush to CES, the parties withdrew some fundamental points from the basic documents: the ones that provoked mutual claims and could bring the project, important for the Russian Federation, to a standstill, during the presidential election campaign in Russia.

For example, in the beginning the agreement on service trade and investment included a timeline of step-by-step reduction of the state share in some economic sectors. However, the final document, revised in a hurry, only states that each country "will aspire" to create conditions for reduction of the number of companies with the state share.

The agreement on macroeconomic policy that presumed active constraints on budgeted deficits of the CES member countries, also turned into a declaration of intent. Similar things happened with the agreement on international monetary policy coordination: it does not provide for any principle changes in the current state of affairs.

Many documents point out that the countries of the customs "troika" can stipulate for exceptions to the general rules or use national legislation. Belarusian officials regularly mentioned that Belarus would adhere to its own exchange rate policy when the Agreement on coordinated principles of international monetary policy would come into effect on January 1, 2012.

Agreement on coordinated macroeconomic policy of the CES member countries prescribes to coordinate macroeconomic indicators: in particular, the annual budgeted deficit should not exceed 3%, state debt should be no more than 50% of the GDP, and the level of inflation should not exceed more than on 5 % the inflation level of the state that has the least rate increase.

However, deputy minister of economy Andrei Tur pointed out, this is "just a framework agreement in its essence, as it does not provide for any sanctions if the coordinated figures are violated". Besides that, as mentioned above, in extraordinary circumstances the CES countries can together soften the quantity indicators, taking the current situation into account.

Another example is the question of state subsidies that Belarus and the Russian Federation failed to regulate within the framework of the customs union.

Among other CES documents, the parties signed the Agreement on common rules of the state support to agriculture. At the request of Belarus, a transit period

until 2016 is established for Belarus in the sphere of the permitted volumes of state support.

We should mention, Russia is about to enter the WTO, expressing the desire to join the organization in 2011. It speaks about the necessity to bring its economic policy, including the sphere of agriculture, in compliance with the international standards. Belarus does not set such an objective. The idea to join the WTO as a customs "troika" failed. At present Russia and Kazakhstan negotiate joining the WTO on their own.

### Russian Motivation

In 2010 Russia and Belarus seemed to have quarreled for good. All of a sudden, in the beginning of December, on the eve of signing the CES package, Moscow made a U-turn.

One of the reasons of such a turn is the Kremlin's interest in the project that it considers geo-strategic. Moreover, Russia had to pay quite a high price for comfortable signing of the CES package. Russian prime-minister Putin assessed, reduced oil charges alone would give Belarus economic support of about 4.1 billion US dollars.

It remained off-screen, what Lukashenka promised to Putin for comfortable solution of the oil issue in the CES. "Even if I had to give up, I am ready to do that for 4 billion a year", he said on December 17, commenting on the recent agreements on the CES.

Russia consciously makes concessions in negotiations with Belarus in order to support its economy, Putin said on December 16, answering the questions of the Russian citizens. He explained his position: "I should be sincere: the Belarusian leadership has honestly adopted the course of economic integration with Russia".

However, so far these words sound more like an advance for the Belarusian leadership. Creating the Common Economic Space would be a lot more difficult than the first stage of forming the Customs Union. Besides technical regulation, the countries will have to harmonize all legislative acts dealing with movement of goods, people and capitals, including the tax law. Also, they will have to implement the agreement on the terms and volumes of state support to agricultural producers (Belarus and the Russian Federation could not come to an agreement on that for several years). Such things do not happen fast.

Introduction of the single CES currency may become the most controversial issue. Russia is extremely interested in ruble becoming the reserve currency on the post-Soviet territory. However, the idea of the single currency has its pitfalls. Evidently, it means partial loss of sovereignty for the member countries of the Customs Union. It's worth reminding the readers, Belarus and Russia failed to reach an agreement about introduction of the Russian ruble as a single currency of the Union State.

The European Union spent more than 30 years on its integration processes. Evidently,

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After December 19, political parties and movements quickly decreased. Parties exist, but barely act.

Russia, which has already labeled the Customs Union a “geopolitical reality”, will not manage to create a new integration structure on the post-Soviet space in just 3 years.

However, it is obvious that Moscow does not want to let Belarus slip out of its sphere of influence. The considerable support it provides to Belarus minimizes Minsk’s possibilities for economic maneuver and turning to Europe.

It’s no coincidence that Sergei Prihodko, RF presidential aide for international issues, stressed as long ago as in December 2009, that Russia considers the Customs Union with Belarus and Kazakhstan an extremely important project and will support

its development in every possible way. “We will move the project forward through thick and thin,” – Prikhodko said.

The goal is clear. Russia is looking forward to realization of a new project – Eurasian Economic Community; and “if Ukraine joins these integration processes (Customs Union and Common Economic Space) in this or that form, that will become a powerful, important incentive to saving whole branches of Ukrainian economy and help to raise competitive ability of many of our enterprises”, V. Putin pointed out during the live call-in show on December 16.

## ‘CAVIAR OPPOSITION’ AND CIVIL SOCIETY BEFORE FREEDOM DAY RALLY

*Andrej Dynko, editor-in-chief of the newspaper Nasha Niva.*

### **Will the civil society take initiative in mobilizing to the March 25 rally?**

Freedom Day is an unofficial holiday in Belarus, which is celebrated on March 25 to commemorate the creation on that date in 1918 of the Belarusian People’s Republic (BPR). People and groups opposed to the regime of Alexander Lukashenka celebrate the holiday while the government denies and denigrates it. Celebrations of the holiday are an annual occasion of demonstrations against the rule of Alexander Lukashenka. Traditionally the rally is organized by a coalition of parties. However, this year they are quite passive. Many leaders are still in jail after December, 19 crackdown.

The parties’ passivity is a test for the informal groups and internet activists. Are they able to do something more creative than the politicians they have often criticized?

The outburst of people’s anger on December 19 would not have happened if the presidential candidates had not insistently called voters to Ploshcha. After December 19, political parties and movements quickly decreased. Parties exist, but barely act.

### **Parties: business as usual**

It was striking that the so-called parties or movements could not organize even 10-people strong public protests against the imprisonment of their own leaders. Even the most active and idea-driven parties like UCP or BCHD were idle despite the fact their brave leaders Anatol Labiedzka and Pavel Sieviaryniec remain in KGB cells on baseless accusations.

Some of the parties’ members have just joined the brief pickets organized by youth initiatives and ordinary citizens.

Party leaders which remained at large were spending most time travelling around EU and US and struggling to assure more influence in new born opposition constellations.

‘Tell the truth’ campaign outdid even the seasoned parties. Andrej Dzmitryjeu, the manager of this civic movement, called it “the best and the most effective”, but it has not organized even one single solidarity show under the windows of its leader Uladzimir Niaklajeu which had been released under a strict house arrest one month ago. This strange fact did not prevent the leaders of ‘Havary Prawd’ Dzmitryjeu, Vazniak, and Navumava from organizing a press conference dedicated to the campaign anniversary feasting with caviar. What a show of a persecuted opposition in the center of Minsk!

It is not new. One year ago Tell the Truth presented itself in a chic Crowne Plaza hotel with even more caviar. What smelt *mauvais gout* one year ago, now seems absolutely disgusting.

42 opposition activists face criminal charges. The human rights and democracy situation has been deteriorated. No free election is seen on the horizon.

Yet the base for a protest is even broader than in December. Increasing prices combined with a fall in wages in January and February provoked mass discontent outside the opposition core constituency. And many opposition activists feel energized by Egypt and Tunisia examples. All this taken into consideration, the opposition could well mount more pressure on the authorities to ask the release of prisoners.

During the post-electoral period the civil society demonstrated its strength and dedication.

## A self-organized initiative of aid to prisoners collected hundred of million rubles and lots of goods for the needs of the arrested.

### Civic solidarity: unprecedented

The traditional Freedom Day rally of March 25 will demonstrate the state of things inside both political opposition and civil society after a massive crackdown in December.

Was December, 19 a one time outburst of anger? Is the civil society able to withstand a prolonged siege?

During the post-electoral period the civil society demonstrated its strength and dedication.

The human rights defenders provided legal and material help to hundreds of people in need. The courageous leaders of Viasna and BHC did not hesitate under brutal pressure. Not one criminal or administrative case passed unnoticed.

The professional and workers' associations brought support and solidarity. Despite harassment and searches, BAJ, independent trade unions continued their activities.

An apolitical Minsk bar association has long resisted the pressure of the Ministry of Justice trying to discourage the lawyers from defending political prisoners. Only the disqualification of 5 lawyers from being counsels for the defense shut the lawyers' community down.

More than 500 well-known artists, intellectuals, activists signed an online petition for the liberation of Niaklajeu and other political prisoners.

Unexpectedly, many religious leaders expressed their solidarity with the protesters. The bishop of evangelicals and several known and respected catholic bishops and priests dedicated sermons to this. The engagement of the orthodox was unprecedented: 36 orthodox intellectuals (church activists, teachers, business people, artists) published an open letter of solidarity with the opposition, protest against repression and appeal to Patriarch to blame Lukashenka for election rigging and post-election violence. It was due to the growth of independent youth church circles in Minsk and outside.

The demand on independent information soared. The independent web sites found their audience increased 2-3 times in February comparing to November! Even the conservative paper press subscription for independent newspapers grew. Indeed, people are eager for information and action.

KGB raided Nasha Niva newspaper office and reporters' homes and confiscated all the laptops. The newspaper called readers to bring the laptops so Nasha Niva can go on publishing on paper and on line. Within 24 hours the edition got more laptops it had before the search.

The impressive moves of solidarity and volunteer effort followed the crackdown. A self-organized initiative of aid to prisoners collected hundred of million rubles and lots of goods for the needs of the arrested. The initiative was led by a 28-years old lawyer Darja Katkouskaja and based in Belarusian Popular Front office. Independent web sites, blogs and Facebook were the ways of distributing information. To show how the internet has changed the

things – one of the major dispatchers of aid supplies to prisons was Darja Lis, a young girl with physical disabilities living in Zalesie village in Smarhon district near the Lithuanian border.

The initiative was coordinated on line, but it was an impressive person-to-person, heart-to-heart action.

21-years old Maja Abromchyk, student of History in Belarusian State University, was one of few courageous people who accepted their stories to be published despite the fear of repression. Maja had her leg broken and crushed by police during Ploshcha. 2 days after her story was revealed on NN.BY web site, her sister asked people to stop bringing gifts to her because her hospital ward has been literally packed with flowers, sweets and fruit. Now Maja needs a second operation to be able to walk, and the good willing interauts are collecting money for her.

### Virtual communities made real things

Bloggers like Taciana Jelavaja (zmagarka.livejournal.com) based in Vilnius did not limit themselves to expressions of solidarity, but made precious investigations of December, 19 events. She procured the audiotapes of the conversations of secret police officers on the Square. Her investigation dissected the mechanisms of provocation and, sometimes, opposition naivety.

Other bloggers, like Lipkovich.livejournal.com excelled in satire.

Citizens transformed the social networks in a battlefield for their values. The judge Volha Komar which found the first Ploshcha prisoner (Parfiankou) guilty and sent him to jail for 4 years, had to close access to her pages in Facebook and Odnoklassniki after her school friends had lambasted her on line. First she was replying, but it turned to be a tsunami of indignation.

Belarusian Popular Front has been, maybe, the only party to react to this desire of people to *make something*. It collected several thousand citizens' release on bail applications for the sake of the prisoners of conscience.

For the rest, the passivity of the 'licensed' opposition was usual. As usual as the fight of the opposition dogs under the donors' carpet. No wonder that the mobilizing campaign for the Freedom Day has hardly started. At first, the choice of the site of March 25 rally turned out to be divisive with the Young Front wanted it hotter, closer to Kastychnickaya square and the Movement for Freedom seeking to avoid confrontation with police and preferring a more remote Academy of Sciences. Finally an agreement took a shape what is crucial to enable the civic action of mobilizing people to this event.

Like in many other countries including Tunisia, Egypt and Lybia the lively opposition in Belarus moved from the offices of the tolerated parties to Facebook, blogs, churches and local community centers. The next outburst of social anger may well come out of there. For two months the civil society

## Citizens transformed the social networks in a battlefield for their values.

was on defense. Let's see whether the solidarity can turn into protest, whether the civil society is able to take initiative, raise its voice and make it heard loud on March 25.

### Conclusion

The presidential election campaign proved once again that opposition had a wide social base. During the post-electoral repression the civil society showed up the best of its potential. The internet community role turned out to be particularly important. It is now up to opposition to keep its eyes open on this new community and to create the preconditions for a synergy.

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