

MINSK BAROMETER

Monitoring of
foreign policy and
regional security

Dear readers,

We are happy to present the fourth issue of Minsk Barometer, which analyzes Belarus's foreign policy and the status of security in July and August.

China ranked first by the relationship index (+22), well ahead of Russia with +10 and the EU with +13.

Belarus and Russia put together new negotiating teams amid continuing trade challenges.

Gradual normalization of relations with the West continues; however, the "BelTA case" seriously harmed Belarus's reputation.

The number of political contacts with Ukraine went down during the summer months. At the same time, the strengthening of trade cooperation and expansion of the presence of Belarusian-made goods in the Ukrainian market brings about stronger opposition from Ukrainian manufacturers.

In the security sector, no serious changes took place. The region progressively turns into a global confrontation site, but the militarization of the region remains limited. The level of tensions is still within the green band.

We wish you interesting and rewarding reading and will be pleased to have your comments, remarks, and recommendations to improve this review.

Best regards,

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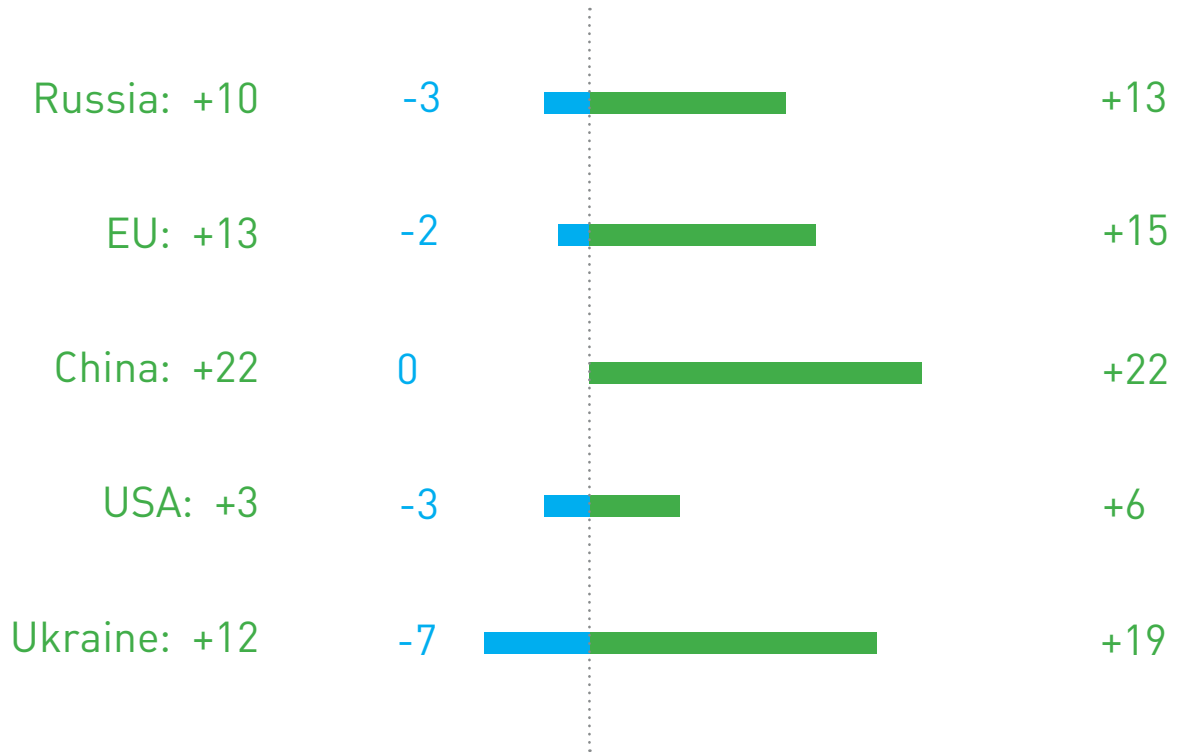
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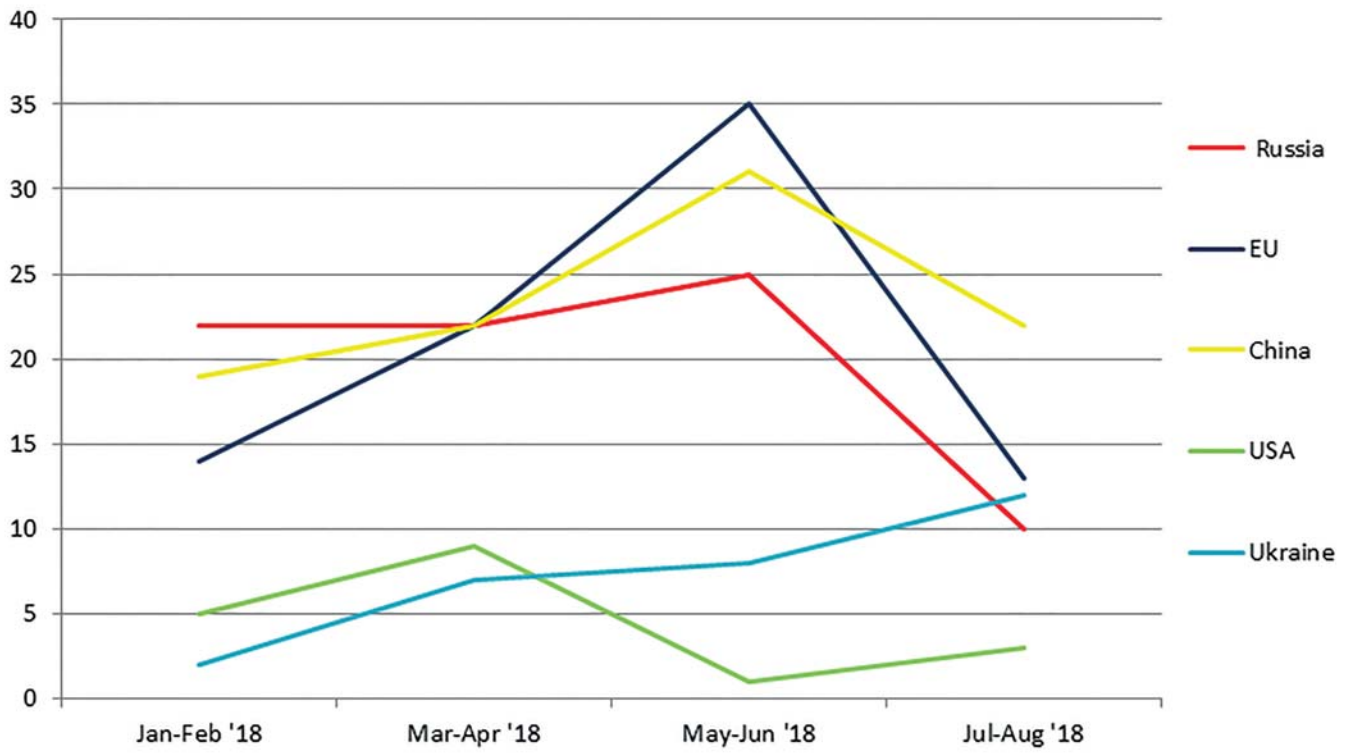
Relations development indices:



Security:



The green level indicates military activities, which do not pose a direct threat and will not necessarily lead to any escalation of tensions. Such a situation calls for cautious attention.



Relationship with Russia

+13



-3

Resulting index: +10

Positive points: +13

Negative points: -3

Trends

1. New negotiating teams have almost been formed: Russia and Belarus are changing governments and ambassadors.
2. Sanctions, lower oil prices, depreciation of the Russian ruble produce an adverse impact on bilateral trade; the deficit in trade might show a new record high by the end of the year.
3. Delayed disputes over dairy products and new tensions over supplies of oil products further complicate trade engagement.
4. Russia's media policy on Belarus is aimed at understating Minsk's bargaining position.

Developments and processes

Political background

The political framework of Belarus's relations with Russia in July and August was filled with expectations of changes in bilateral relations, primarily due to the revision of economic prospects by the Russian ruling class. Economic stagnation, unfriendly external environment, including sanctions, and narrowing of the tax base were regarded as medium-term factors, rather than temporary difficulties, requiring changes in the economic policy. These changes – cuts in social benefits, higher taxes, the tax maneuver in the oil industry, and higher rates of lending to global projects – affect Belarus in one form or another.

Media policy

Against the backdrop of expectations of inevitable changes, the media support by Russian news services and officials for Moscow's policy on Belarus was characterized by ambiguities, threats and claims. New and old media outlets were involved in spreading unconfirmed rumors and disclosure of allegedly devised plans. These phenomena are nothing new – throughout the history of the Belarus-Russia relationship, this happened more than once (most dramatically in 2010), and since the Ukrainian crisis broke out, the entire region has been affected by the media war aimed at misleading, creating a sense of time deficit, and emotional involvement of masses in the capacity of foreign policy "fans". However, as Russia made attempts to refuse to meet its obligations in relations with Belarus, all of the above phenomena were brought to a new level.

Harsh bargaining and assertion of interests are typical of Russia (incidentally, just as of most post-Soviet countries). This consists in causing expectations of a disaster, so that afterwards, against the backdrop of such expectations, any cancellation or sharp limitation of its obligations – or any modest offer – should look like a display of utmost generosity. In anticipation of changes in the bilateral framework due to the next round of their "pragmatization", this method has been broadly employed.

New ambassador

The chimerical media forecasts and anonymous threats to Belarus and its leadership posted in social networks following the appointment of presidential envoy to the Volga Federal District Mikhail Babich as new ambassador to Belarus were partially due to the heated media environment and internal reasons. Most of those comments implied that Belarus was in no hurry to approve the candidacy of the new ambassador, because Minsk was intimidated by his hard-line attitude, his ability to sort out any mess and even his mission to remove Lukashenko.

Although it is obvious that neither Mikhail Babich nor any other ambassadors can threaten the Belarusian leader – the powers of an ambassador are strictly limited, and if he should go beyond his tenure, Belarus will not find it hard to interrupt his mission. In addition, on the contrary, an ambassador such as Babich, i.e. the one having actual connections in the Kremlin and Russian regions, may become an ally in lobbying Belarus's interests.

However, the media succeeded in turning Babich into such an ominous figure that the consent of the Belarusian side to accept him encourages all ill-wishers of Belarus to reiterate the country's lack of independence in foreign policy. Furthermore, the agreement to accept Babich is not welcome in Ukraine, and is especially criticized by those calling for reducing ties with Belarus. However, there is no similarity between the current situation in Belarus, which enjoys allied relations with Russia, and in Ukraine back in 2016, which has been at war with Russia.

The appointment of Mikhail Babich (with the additional status of a special envoy of the Russian president) completed the change of core figures in the Russian negotiating team, whereas the change in the government's economic block alongside the redistribution of functions coupled with the replacement of Belarus's representatives in the EEU, almost concluded this process from the Belarusian side.

The replacement of the core figures within the framework of Belarus-Russia engagement started with the change of the Russian government the recent re-election of Vladimir Putin – Deputy Prime Minister Arkady Dvorkovich was replaced by Alexey Gordeev, and Minister of Agriculture, Alexander Tkachev, by Dmitry Patrushev.

Belarus replaced two of its representatives in the EEC – Siarhiej Sidorski and Valier Kareškoŭ – and appointed Aliaksandr Subocin (former presidential aide in the Viciebsk Region, prior to that deputy minister of agriculture) minister for industry and agro-industrial complex and Viktor Nazarenka (former head of the State Standards Committee) minister for technical regulation.

The new government head is Siarhiej Rumas, Deputy Prime Minister Uladzimir Siamaška was replaced by Ihar Liašenka, and, possibly, the negotiating team will be reinforced by the former ambassador of Belarus to Russia, Ihar Pietryšenka, who will be dealing with the promotion of finished products. For his part, Rumas is very well aware of the operation of the EEU mechanisms.

Due to the appointment of Pietryšenka as vice-premier, the position of the ambassador of Belarus to Russia became vacant, and therefore, Belarus will be represented by a new person.

Trade and dairy

In January-June 2018, Belarusian export to Russia went up in year-on-year terms. However, growth rates consistently decreased over the six months: for example, export grew in January-February 2018 by 11% year-on-year, whereas in January-April it expanded by 8%, and in January-June, by 4.8%. At the same time, import from Russia continued growing steadily, exceeding the growth of Belarusian export. Import expanded by 24.4% from the first half of 2017. The deficit of two-way trade in the first half of the year amounted to USD 4.69 billion.

Table 1. Fastest-growing imports from Russia

	% on Jan-Jun 2017	
Oil	+0.7	+38.4
Oil products	+49.4	+83.4
LPG	+19.3	+36.8
Ferrous metals	+8.8	+21.3
Ferrous metals pipes	+15.8	+32.8
Ferrous metals structures	+40.8	+22.7
Pipe accessories	+59.1	+11.6
Vehicles	+80.5	+76.9
Televisions	+40.8	+56.1

Export of televisions from Belarus to Russia increased even more significantly, by 90% in volume terms and by 96.1% in value terms. The total export volume, however, turned out to be a little less than the total value of the import of televisions from Russia (USD 44 million and USD 47 million, respectively).

However, the main Belarusian exports have been growing weaker over the past six months. Despite the increase in supplies of tractors in volume terms by 26%, the volume of export supplies went down by 3% from the first half of 2017. Supplies of agricultural machinery increased by 51.5% in volume terms, but represented a reduction by 35.6% year-on-year in value terms. The sharp decrease in prices of Belarusian equipment apparently was caused by the depreciation of the ruble and delays in payments.

Export of dairy products was also affected. Due to the obstacles set by Rosselkhoznadzor, in the first half of 2018, export of powdered milk dropped by 33% from January-June 2017 in volume terms and by 43% in value terms, and of butter by 36.8% and 47.8%, respectively.

Table 2. Dairy exports

	USD, thou	% on Jan-Jun 2017	
Milk	98,430	+8.0	+1.2
Powdered milk	110,871.6	-33	-43
Sour milk	77,995	+12.1	+28.8
Butter	116,835.3	-36.8	-45.8
Cheese	363,207.1	+2.7	-5.4

Oil, gas and loans

On August 10, Reuters in Russia reported that Russia intended to limit supplies of oil products and liquefied petroleum gas (LPG) to Belarus, as well as suspend lending to Minsk.

The agency quoted its source, who reported delays in the disbursement of the two final installments by the Eurasian Fund for Stabilization and Development (EFSD) and the alleged suspension of negotiations over a state loan to refinance Belarus's state debt amounting to USD 1 billion. Meanwhile, the EFSD's two installments, USD 200 million each, have been delayed since the start of the year due to Belarus's failure to meet its obligations under the loan agreement. A state loan of USD 1 billion was requested recently, and the broad public first learned about the loan negotiations from that message. It is unlikely that Belarus will have serious difficulties in obtaining the loan, because the country is a reliable borrower. On the very same day the Ministry of Finance of Russia said the message by Reuters was not true.

On August 11, Russia and Belarus started discussing limitations on duty-free supplies of oil products and LPG. Notably the term “supplies” is misleading here, as if Belarus’s import of petroleum products from Russian companies were a kind of centralized decision. On the contrary: due to the insignificance of those deliveries and their unessential nature for the Belarusian economy, those “supplies” were not formalized in any “major” oil and gas agreements. The main beneficiaries of this business are Russian companies, which find the Belarusian market to be more profitable than that Russian. However, the Russian budget appears to be short of payments. It is also important that access to the export of raw materials is the main tool in building the hierarchy of the Russian authorities, whereas the traditionally willing suppliers to Belarus are companies that are not in the pool of the most privileged businesses.

Facilitating the “violation of the convention” can serve as an additional irritator. It is also likely that this is the main reason why Russia insists on limiting this business by the inclusion of oil products and LPG in indicative supply balances, instead of regulating this issue with the use of internal instruments. Most likely, it is even more important for the Kremlin that part of oil products goes to Ukraine.

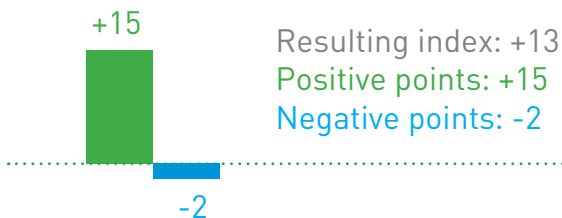
The Russian side seems to insist on limiting annual import of oil products by Belarus to 500,000 tons.

Forecast

The new negotiating teams of Belarus and Russia are expected to adjust the format for cooperation in the new environment – the anticipated long-term recession in Russia and the Kremlin’s attempts to give up on another portion of its obligations within the EEU and the bilateral framework.

At the same time, the new environment for Russia also means that the transit dependence on Belarus (natural gas, oil and other goods) will remain somewhat longer than Russia would prefer. Accordingly, these two oppositely directed intentions in Russia alongside Belarus’s natural desire to make use of the advantages of integration will determine the boundaries of this adjustment.

Relationship with the European Union



Trends

1. The holiday season traditionally brought about a downward trend in diplomatic contacts between the EU and Belarus.
2. The “BelTA case” started a new wave of negative reaction in the EU to Belarus’s internal political reality; however, that wave subsided quite rapidly.
3. Project and technical engagement with the EU countries and institutions is evolving, opportunities are being explored for increasing the level of political contacts.
4. Two-way trade in goods keeps a positive pace; however the growth rates for all indicators (overall volumes, export, import) have slightly decreased from the start of the year.

Developments and processes

In July and August, the traditional holiday season could not but affect the intensity of the relations between Belarus and the EU. Therefore, a relatively calm period started, contrasted with the very eventful previous months. Nevertheless, a number of summer developments are worth our attention.

The period under review began with the long-awaited and largely landmark event for the current Belarus-EU agenda: the European Nuclear Safety Regulators Group (ENSREG) approved the Peer Review Report of the EU Stress Test for the Belarusian Nuclear Power Plant. On July 3, the report was presented in Brussels. Belarus had voluntarily agreed to conduct the stress tests.

Apparently, such a move was supposed to show Minsk’s goodwill on a particularly sensitive issue in its relations with Lithuania and the entire EU. It is the issue of the Belarusian Nuclear Power Plant that is one of the stumbling blocks in the improvement of the relationship with the European Union, including in Partnership Priorities negotiations, which have been substantially delayed. The report itself is generally positive for Belarus and received positive assessments from both Minsk and the EU institutions. At the same time, Lithuania expectedly criticized both the content and methodology of the report. Following the publication of the report, Belarus voiced constructive willingness to work on the implementation of the recommendations contained therein.

Before the start of the traditional holiday month, on July 17, the fifth round of the bilateral Human Rights Dialogue was held in Minsk. The Belarusian delegation was traditionally led by Deputy Foreign Minister Alieh Kraŭčanka, who oversees the European dimension in the Foreign Ministry, and the European delegation was led by Dirk Schuebel, Head of Division for Bilateral Relations with the Eastern Partnership Countries of the European External Action

Service. Representatives of a number of ministries and the parliament of Belarus also took part in the dialogue, and representatives of NGOs were involved in some sessions.

The most important event of the period under review was the working visit of Foreign Minister Uladzimir Makiej to Latvia on July 19-20. The program of the visit to Riga included meetings with his counterpart Edgars Rinkēvičs, Prime Minister Māris Kučinskis, Deputy Speaker of the Saeima Gundars Daudze. Makiej also visited a number of Latvian companies focusing on construction of integrated production facilities and residential properties, maintenance of aircraft, and ICT.

According to the Ministry of Foreign Affairs of Belarus, during their meeting the two ministers pointed to the “absence of problem points in relations.”¹ And at the joint press conference, the head of Belarusian diplomacy emphasized that the parties had “similar points of view on most international issues.”²

On the whole, Makiej’s negotiations in Riga had a very broad focus: from economic cooperation to cooperation in security and law enforcement. In particular, the Belarusian minister informed Prime Minister Kučinskis about the completion of the coordination procedure – by exchange of diplomatic notes – for the Action Plan of the two governments on the main areas of cooperation for the medium term. Thematically, the plan encompasses the economy and trade, industry, environment and nature management, regional cooperation, tourism, and science. The document is designed to serve as a general framework for intensifying bilateral cooperation.

One of the topics for discussion of the Belarusian delegation in Riga, which caused a media hype, was the likely visit of President Aliaksandr Lukashenka to Latvia. The invitation to visit the neighboring country was originally extended to the president of Belarus during Kučinskis’s visit to Minsk in February. The preparation of this visit is indeed under way, but it is likely to take place at the start of next year at best. That is, after the parliamentary elections scheduled for October, following which a new government will be formed in Latvia.

The beginning of August was marked by the most negative recent development for the bilateral Belarus-EU framework. We refer to the so-called “BelTA case”, when Belarusian law-enforcement agencies conducted searches at a number of independent and state media (including Tut.by and BelaPAN) and at the households of the journalists from those media. A criminal case was initiated into the unlawful use of access to paid information of the state news agency BelTA.

These events were immediately slammed by a number of EU states and institutions. In particular, the High Representative of the European Union for Foreign Affairs and Security Policy Federica Mogherini³ and the Ministry of Foreign Affairs of Germany⁴ made specific statements. The developments received broad coverage in the global media.

This episode once again vividly demonstrated the regularity that still remains in the relations with the EU: it is very difficult for positive news from Belarus to get to news feeds of leading European media, whereas negative reports appear there almost automatically. As a result, any negative event, such as the “BelTA case,” can instantly erase months and even years of persistent diplomatic work to build up relationships. Anyway, this time the wave of negative reaction by the EU to the arrests and interrogations of journalists subsided rather quickly. Official Minsk sent several signals that, despite the initiation of a criminal case, the legal consequences for the defendants would not be harsh.

1 On the working visit of Foreign Minister U.Makiej to Latvia, http://mfa.gov.by/press/news_mfa/da47d2e9e3099db5.html

2 Verbatim report of the media availability of Foreign Minister U.Makiej following his negotiations with Minister of Foreign Affairs of the Republic of Latvia Edgars Rinkēvičs (19 July 2018), http://mfa.gov.by/press/news_mfa/a996324115be7b25.html

3 Brussels calls for releasing detained Belarusian journalists, <https://www.svaboda.org/a/29419851.html>

4 German Foreign Ministry protects journalists, DW submits a protest to Belarus’s Ambassador in the wake of the arrest of Bykoŭski, <https://news.tut.by/economics/603822.html?crnd=11848>

At the end of August, the Commissioner for Health and Food Safety Vytenis Andriukaitis visited Minsk and met with Deputy Prime Minister Michail Rusy, as well as deputy ministers of foreign affairs, health, agriculture and food.

The main focus during the talks was cooperation in the field of sanitary and veterinary control and prospects for expanding access of Belarusian food products to the EU market. For Minsk, these issues are of particular relevance due to the willingness to expand export of agricultural products to the EU market and be able to transit Belarusian meat through the EU. No specific information on the results of the negotiations was made available to the broad public; however, the general atmosphere of the visit was markedly positive from both sides.

According to the National Statistics Committee Belstat⁵, two-way trade between Belarus and the countries of the European Union in January-July 2018 came to USD 10.258 billion (up by 31.8% yea-on-year). Belarusian export amounted to USD 6.159 billion, which represents an increase by 45.9% from the first seven months of 2017. Import from the EU countries amounted to USD 4.99 billion (up by 15% from the same period in 2017). The surplus of trade with the EU countries for Belarus reached USD 2.06 billion.

Forecast

September will bring back intensity and dynamics to the relationship between Belarus and the EU, and one can expect a significantly greater number of contacts and visits. Diplomatic work on long-term landmark topics will continue, including partnership priorities and visa facilitation agreements.

⁵ Foreign trade of the Republic of Belarus, http://www.belstat.gov.by/ofitsialnaya-statistika/makroekonomika-i-okruzhayushchaya-sreda/vneshnyaya-torgovlya_2/operativnye-dannye_5/balans-vneshnei-torgovli-tovarami-respubliki-belarus/

Relationship with China

+22



Resulting index: +22

Positive points: +22

Negative points: 0

0

Trends

1. Arrangements are being put in place to increase and expand Belarus's export to China.
2. Inter-departmental dialogue intensified in August.

Developments and processes

The visit of Minister of Agriculture and Food of Belarus Lieanid Zajac to China became an important event of the period under review. The varied focus of companies and institutions (the General Administration of Customs, China Meat Association, CITIC Group, China Merchants Investments International, etc.), where the Belarusian delegation has meetings, suggests that Belarus approaches the matter comprehensively: it not only negotiates purchases of Belarusian goods, but also looks for partners to promote goods, finance supplies and facilitate certification. It is noteworthy that the Belarusian delegation also met with the Chief Secretary of Hong Kong. The agenda was significantly expanded. It covered business facilitation, financial cooperation, issuance of Belarusian bonds, visa regulation, and mutual trade performance.

The second Belarus Commodity Center chain store opened in Guizhou in August. Around a hundred such stores are projected to be opened in major cities of China by 2020. Before the visit to China, Zajac announced negotiations on the establishment of a joint beef production enterprise for the Chinese market with COFCO Engineering & Technology and CITIC Group. The interim results of the talks have not been made public yet, though.

Prior to the autumn sessions of the Belarusian-Chinese intergovernmental cooperation committee, the sides stepped up inter-departmental exchange. The Belarusian Customs Committee, State Property Committee, State Committee for Standardization and Department for International Technical Assistance of the Ministry of Economy discussed cooperation with their Chinese partners. Minsk hosted a Belarusian-Chinese seminar for think tanks at the National Academy of Sciences of Belarus celebrating the fifth anniversary of the Belt and Road Initiative.

In August, the Chinese Ministry of Commerce organized a series of seminars in Beijing and Shanghai for a group of Belarusian officials led by Deputy Foreign Minister Andrej Dapkiunas. The program included visits to free economic zones, companies (Alibaba, ZTE, etc.) and agencies (Ministry of Finance, Ministry of Commerce, Ministry of Human Resources and Social Security, etc.) to provide an overview of economic development practices and modern reforms in China.

Great Stone CBIP

In the period under review, the Great Stone Park's activity became less intense compared with the previous monitoring periods. OJSC GTA (MSK) Data Technologies Ltd. (digital

financial data center, Shenzhen GTA Education Tech Ltd.) obtained the resident status. The CBIP currently has 37 residents.

At the end of August, one of the first Great Stone residents, Chengdu Sinju Silk Road Development LLC, put into operation a plant producing supercondensers for electric buses. Deputy Prime Minister Anatol Kalinin cut the ribbon opening the construction camp for contractors' staff.

Representatives of the International Finance Corporation visited the Park in early August. The visit only resulted in an arrangement to sign a memorandum of cooperation.

Production of pharmaceuticals for traditional Chinese medicine (in cooperation with the Barysaŭ Medications Plant) and a telecommunication project with ZTE are among the most promising undertakings at Great Stone.

Other Projects

In July, the CITIC Group leadership met with President Lukashenka for the second time. The meeting was timed to the commencement of the company's new project in Belarus – the construction of an agro-industrial enterprise in the Puchavičy district for the Belarusian National Biotechnology Corporation. Deputy Prime Minister Michail Rusy participated in the groundbreaking ceremony, which indicates the high status of the Chinese company in Belarus. Loan agreements with Chinese Eximbank (totaling 4.3 billion yuan) were signed earlier to finance project phases.

Chinese Blue Lotus signed agreements of intent with the Viciebsk Free Economic Zone in July. The company is going to invest around USD 300 million to set up furniture and woodworking production in the FEZ.

At the end of July, the China National Electric Engineering Co., Ltd. completed a five-year project to build the Viciebsk Hydroelectric Power Plant (USD 189 million) and officially put the facility into operation.

In late August, BelAZ and China Datang Corporation signed a contract for the supplies of USD 360,000 worth of components for Belarusian heavy-duty dump trucks.

A potassium nitrate plant will be constructed at JSC Belaruskali jointly with Migao Corporation (USD 80 million). Fertilizers will be supplied exclusively to China.

Forecast

Belarus and China announced a joint technology cooperation program for the period to 2020. The parties are likely to negotiate agreements in this area at the September session of the cooperation committee in Beijing. Belarus has voiced its intent to design a joint satellite for orbital research.

At a regular meeting with Chinese partners, Deputy Economy Minister Paviel Uciupin said that Belarus was seeking greater cooperation with China through work with large corporations. This approach is largely understandable at this stage, and this is exactly what is actually happening now. However, Belarus will have to work out a compromise having in mind the desired amounts of investment, level of competition among major Chinese companies and development opportunities for Belarusian enterprises.

Relationship with the U.S.



Trends

1. At the level of rhetoric, Minsk demonstrates its desire to normalize its political relations with Washington and is taking steps to improve its profile in the United States.
2. Belarus remains a country of little interest to the United States, and no intentions of a quick revision of the relationship are visible now.
3. The rotation of the heads of the diplomatic missions in both countries can provide some impetus to the engagement.

Developments and processes

On July 3 and 4, the United States and Belarus exchanged greetings on the occasion of the two national holidays – Independence Days of the two countries. Moreover, the Belarusian side sent congratulations on behalf of President Alexander Lukashenko to President Donald Trump and the people of the United States, while the United States only sent a congratulatory note from Secretary of State Mike Pompeo and to the people of Belarus. The text of the note reads, in particular, that the United States “is committed to supporting Belarus’s sovereignty and independence. We continue to work with the government and people of Belarus to strengthen democratic institutions and respect for fundamental freedoms.”¹ The Belarusian president, for his part, stressed that Belarus “has always been and remains a reliable partner of the United States on the strategic issues that are currently on the international agenda.”²

On July 9-11, Deputy Minister of Foreign Affairs of Belarus Alieh Kraŭčanka visited the United States. Kraŭčanka met with Assistant Secretary of State for European and Eurasian Affairs Wess Mitchell and discussed the progress of Belarus-U.S. cooperation and the situation in the region. Furthermore, a meeting was held with Acting Deputy Assistant Secretary of State Jorgan Andrews. As part of the visit to the German Marshall Fund of the United States, the conference “The Changing Landscape of U.S.–Belarus Relations” was held, the speakers being Kraŭčanka and Andrews. The audience included representatives of the Department of State, a number of leading American analytical centers, the media and NGOs, as well as foreign embassies in the U.S.

During the visit, Kraŭčanka also met with Scott Rauland, Senior State Department Advisor at the U.S. Helsinki Commission; Jamestown President Glen E. Howard; and Michael Carpenter, Senior Director of the Penn Biden Center for Diplomacy and Global Engagement, as well as Executive Vice Chairman at the National Coalition Supporting Eurasian Jewry (NCSEJ) Mark

1 Statement of the Secretary of State on the occasion of Independence Day in Belarus - <https://by.usembassy.gov/be/belarusian-national-day/>

2 Lukashenko hopes positive trends will continue in Belarus-U.S. relations - <http://www.belta.by/president/view/lukashenko-rasschityvaet-na-prodolzhenie-pozitivnoj-dinamiki-v-otnoshenijah-belarusi-i-ssha-309108-2018/>

Levin. Interestingly, that was Kraŭčanka's second visit to the United States over the past six months.

During the period under review, new Belarus's and U.S.' Charges d'Affaires were appointed. Jenifer H. Moore was assigned after Robert Riley concluded his tenure. On that occasion, Riley met with Belarusian Foreign Minister Uladzimir Makiej, who thanked the U.S. diplomat for his efforts in building constructive dialogue between Minsk and Washington³. For his part, on his Facebook page, Riley thanked "the minister, his deputy Alieh Kraŭčanka and Foreign Ministry team for their professionalism, cooperation and constructive dialogue over the past two years."⁴ In a video message on the website of the Embassy, he also noted a number of achievements during his tenure as leader of the mission, including the resumption of full visa operation to all categories of citizens and the opening an InfoUSA education center in Mahilioŭ.⁵

The new head of the mission, Jenifer H. Moore, is a career member of the U.S. Foreign Service. Before arriving in Minsk, she was Deputy Director of the State Department's Office of Southern European Affairs, responsible for U.S. relations with Turkey, Greece, and Cyprus. Much of her career has been focused on international security cooperation and security sector reform. She previously served at various positions at U.S. Embassy Tirana, Ankara, Sarajevo, Baghdad, and Jakarta. Additionally, Ms. Moore worked as a Watch Officer in the State Department's Operations Center and as Staff Assistant to the Assistant Secretary for Political-Military Affairs. In her welcome video on the occasion of the start of her tenure, Jenifer H. Moore noted that "Belarus is becoming a research and technology hub for this part of the world."⁶

On July 27, a presidential decree came into effect, extending the visa-free entry for citizens of 74 states, including the U.S., to 30 days. During the first month of visa-free treatment, 969 U.S. citizens visited Belarus, an increase by 48.2% from the same period last year. The U.S. ranked second after Germany in terms of the number of people who enjoyed the new visa-free rules.

The period under monitoring was also marked by Lukashenka's positive statements addressed to the American leadership. In an interview with the Belarus-1 TV channel, the president said that he had "rooted" for the incumbent U.S. President Donald Trump and "spoke out de facto in his favor in the course of the election campaign". According to Lukashenka, Trump is a pro-American politician for the majority of society.⁷

Despite such positive statements by the president, Belarusian Metals Plant (BMZ) keeps making efforts to have the U.S. cancel its import duty on steel for its products, originally set by Donald Trump. In early March this year, Trump signed a proclamation to impose a 25% tariff on steel and a 10% tariff on aluminum imports.

According to head of planning and economic analysis at BMZ Ivan Dziamidaŭ, in order to minimize the consequences for Belarusian exporters, the Ministry of Foreign Affairs, in conjunction with the Ministry of Industry, prepared an appeal to the U.S. Secretary of Commerce with a request to suspend the duties for Belarusian products.

In April, a delegation of the Foreign Ministry of Belarus met with representatives of the U.S. Department of Commerce. The American side said that if Belarusian steel supplied to the

3 U.S. Charge d'Affaires Robert Riley concludes his mission to Belarus - <http://www.belta.by/politics/view/vremen-nyj-poverennyj-v-delah-ssha-robert-rajli-zavershaet-dipmissiju-v-belarusi-309436-2018/>

4 Makiej thanks Riley for "building constructive dialogue between Minsk and Washington" - <https://belapan.by/archive/2018/07/06/963783/>

5 Robert Riley's farewell address - <https://by.usembassy.gov/be/farewell-address-of-charge-daffaires-robert-riley/>

6 Welcoming video address by Jenifer Moore - <https://by.usembassy.gov/be/meet-new-charge-jenifer-moore-welcoming-video/>

7 Interview of President of Belarus to Belarus 1 - <http://www.belta.by/video/getRecord/3357/>

U.S. is unique and its analogues are not produced in the U.S., then respective Belarusian products could be removed from the import tariff list for a period of one year. This decision could be made after a repeated appeal to the Department of Commerce by the directly affected party located in the United States. Such applications were filed by two American companies, which import BMZ-made products (wire for pressure hoses and seamless pipes). According to Dziamidaŭ, decisions have not been taken yet. However, as a result of the applications, the U.S. consumer market of Belarusian products remains stable and volumes of supplies have remained unchanged, because the American importers agreed to pay the amount of the tariffs.⁸

In early August, Belarus reappeared in the focus of American politicians and the media in connection with the searches and interrogations of representatives of independent Belarusian media (TUT.by, BelaPAN, and some others). The topic was covered by The New York Times, The Washington Post and a number of other media. The U.S. Embassy in Minsk issued a special statement in which it voiced its concern about the situation and urged the government of Belarus to meet its international obligations and immediately release all of the journalists.⁹

In response to the flow of negative materials and appeals, the Belarusian Foreign Ministry was forced to make excuses in a special statement, in which it emphasized that “the situation is in no way a political matter and has nothing to do with issues of media freedom or freedom of journalism.” According to the Foreign Ministry, “those involved are suspected of banal misuse of access to paid information.”¹⁰

Furthermore, The Washington Post published an article that analyzes the policy of the Belarusian authorities on independent journalists and the Internet. The author of the material, Tacciana Kulakievič, draws the conclusion that the main reason for the sanctions against independent media in Belarus is the upcoming presidential elections and the need to put a leash on the information field.

Forecast

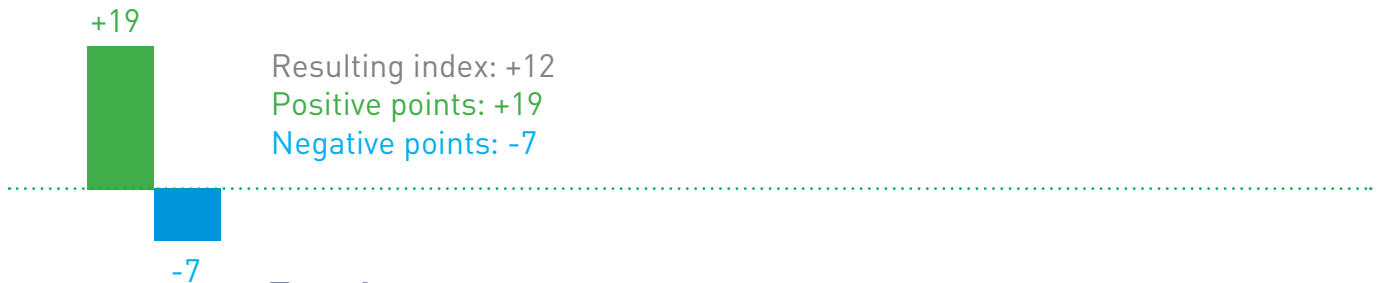
After the summer vacation period, the intensity of contacts and engagement across the entire range of the relationship will increase. The gradual normalization of relations will continue, since both parties are interested in this, at least in certain areas. However, significant quality breakthroughs should not be expected, since Belarus is not on the list of priority countries for Washington.

8 BMZ's export to U.S. stable despite tariffs - <https://export.by/news/bmz-steel-export-to-usa-stable-despite-import-duties>

9 Statement concerning searches and arrests of journalists in Belarus - <https://by.usembassy.gov/be/statement-on-searches-and-arrests-of-journalists-in-belarus/>

10 Response of Anatol Hlaz, head of the department of information and digital diplomacy and spokesperson for the Ministry of Foreign Affairs, to a question by Russia Today - http://mfa.gov.by/press/news_mfa/d92f01e9e086c88a.html

Relationship with Ukraine



Trends

1. The number of contacts in various areas has decreased in many respects because of the summer holidays and the start of the election race in Ukraine.
2. Enhanced trade cooperation and increased import of Belarusian goods lead to stronger opposition from Ukrainian producers.
3. Amid the Russia-Ukraine conflict, statements made by Minsk and Moscow affect the overall media background of the Minsk-Kiev relationship.

Events and developments

Politics

Although there were no top-level contacts, Belarus made the news in Ukraine in connection with Alexander Lukashenka's statements. July began with reports on the nationalization of the Orša Aircraft Repair Plant, which may cause a serious conflict. However, the nationalization of the Belarusian asset of Vyacheslav Boguslayev (the owner of Ukrainian Motor Sich) did not provoke a sharp response of Ukrainian officials, given that Boguslayev is suspected of trying to sell the plant and technology to China, and the Ukrainian investigative authorities and the Cabinet want his businesses investigated, as we wrote in the previous issues of the Barometer. Anyway, the media coverage of the process can be regarded as a negative contributor.

The Belarusian ambassador to Russia said in early July that the placement of a Russian airbase in Belarus was off the agenda, which was a positive signal. The Ukrainian media gladly quoted the ambassador as saying that "the subject had been exhausted and was no longer relevant."¹

The reports that Belarus granted the refugee status to the former minister of defense of Ukraine and then ambassador to Belarus Mykhailo Yezhel apparently had a negative effect. Yezhel is suspected of making shady deals when he served as the minister, which is a sensitive matter for Ukraine, given the armed hostilities in the east of the country. When the Belarusian president dropped off the media radars and rumors spread that he allegedly had a "stroke", the Ukrainian media seemed to be hoping that he was dead.² That was another negative point. Naturally, the news gave rise to another wave of speculations about Russia

¹ Belarus suddenly turns its back on Russia - <https://www.obozrevatel.com/ukr/abroad/bilorus-raptovo-vidvernu-lasya-vid-rosii.htm>

² People only hope for miracle: Belarusian opposition leader comments on rumors about Lukashenko having stroke. <https://www.unian.ua/world/10207857-lyudi-spodivayutsya-lishe-na-divo-lider-biloruskoji-opoziciji-prokomentuvav-chutki-pro-insult-lukashenka.html>

preparing for the annexation of Belarus.³

The information about the appointment of Mikhail Babich – whose agreement was once denied by Kiev – as Russian ambassador to Belarus, also made headlines in Ukraine.

The negative developments were somewhat counterbalanced by the “people’s initiative” aimed at banning the St. George ribbon in Belarus,⁴ which was widely covered by Ukraine’s leading news agencies. The successful inspection of the Ukrainian armed forces by Belarusian officers and the inspection of the Belarusian army by Ukrainians scheduled for September also defuse tension in the military-political sector.

The attempt to magnify the Belarusian-Ukrainian border demarcation issue is also noteworthy. The local authorities and the population of the Olevsk district tried to protest against giving a part of the “disputed” territory to Belarus.⁵ The real reason is that local illegal amber miners need water basins badly. Given this fact, together with the negative attitude of society towards this mining, the scandal was not highlighted by major news services.

These negative factors were toned down by several large-scale news topics: Days of Ukrainian Culture in Belarus (the largest event of this kind in the past few years) and the Festival of Ukrainian Culture in Minsk in August.

The following events can be mentioned with regard to the political dimension:

- the working visit of the minister of architecture and construction of Belarus to Ukraine,
- Lukashenka’s endorsement of the draft readmission agreement with Ukraine, and
- negotiations with Turkish experts over the Dnieper logistics corridor. This might seem an insignificant and more economic development, but, given that water transport is among the priorities of several Ukrainian parliamentary factions and the oligarch Oleksiy Vadatursky, it will certainly influence this autumn’s political agenda.

The sharply increased flow of Belarusian tourists to Ukraine is among the practical results of cooperation between the two countries, which has an effect on the overall bilateral relationship. The tourist season statistics is yet to be published, but it is already safe to say that Belarusians top the list of foreign tourists coming to Ukraine.⁶

Ukraine welcomed Lukashenka’s statements on independence and the war in Ukraine. All of the leading media outlets quoted him as saying “we will not be vassals.”⁷

The espionage scandal, which has been smoldering since the autumn of 2017, still mars bilateral relations. Ukraine used to engage in accusatory rhetoric a while back, and now it is used by Belarus, as its national Jury Palityka is subject to prosecution in Ukraine. In early August, the Prosecutor General’s Office of Belarus doubted the proper observance of the rights of a Belarusian citizen⁸ and addressed Ukrainian counterparts requesting a check of

3 Belarus is Putin’s next target: Expert on threat to Lukashenko. <https://www.segodnya.ua/world/wnews/sleduyushchaya-cel-putina-belarus-ekspert-rasskazal-ob-ugroze-lukashenko-1158079.html>

4 How Belarusians get off Moscow’s strings <https://www.unian.net/politics/10185332-kak-grazhdane-belarusi-uhodyat-iz-pod-vliyaniya-moskvy.html>

5 Belarus to get dozens of hectares of land and one channel disputed with Ukraine. <https://www.radiosvoboda.org/a/29357050.html>

6 Home countries of the largest numbers of tourists coming to Kiev. <https://styler.rbc.ua/ukr/zhizn/nazvany-strany-kotoryh-kiev-priezzhaet-bolshe-1534926607.html/>

7 Lukashenko: We will never be vassals of any country <http://www.belta.by/president/view/lukashenko-my-nikogda-ne-stanem-vassalami-ni-odnoj-strany-314490-2018/>

8 Prosecutor General’s Office of Belarus concerned over respect for rights of alleged Belarusian spy in Ukraine <http://www.belta.by/society/view/genprokuratura-belarusi-obespekoyeniem-prav-obvinjaemogo-v-ukraine-za-shpionazh-belorusa-313555-2018/>

the confinement conditions in the remand prison⁹ after Palityka was brought to the court with marks of physical injuries on his body. On the other hand, the fact that the Ukrainian media changed their rhetoric is undoubtedly a positive signal. Palityka is no longer called a “spy”, but an “espionage suspect”¹⁰, or a “spy in quotes”¹¹ (Ukrainskaya Pravda).

Economy

The months of July and August are the usual time to assess the half-year economic performance and make plans for the coming months and the following calendar year. This year was not an exception.

On the one hand, there are some practical results, in particular:

- MAZ-Ukraine Trading House topped the annual National Business Rating as the leading auto importer in Ukraine (2017 data review);
- the semi-annual commodity turnover increased by 21% year-on-year to USD 2.567 billion¹²;
- Ukrainian media reported a new record high export of apples to Belarus;
- Ukraine increased import of oil products from Belarus;
- Ukrainian partners of MAZ launched the manufacture of one more vehicle model¹³;
- the joint manufacturer of trolleybuses in Dnipro became the leading seller of Ukrainian-made Dnipro T103 and Dnipro T203 models in the domestic market;
- Ivano-Frankivsk signed a contract for the purchase of 29 BKM trolleybuses equipped with Ukrainian engines produced by PJSC Elektrovazhmash¹⁴. This is particularly important amid the image problems of the BKM in Ukraine caused by the use of Russian electric motors in some transport vehicles in previous years;
- Belarusneft and its subsidiary Service Oil continue drilling new gas wells for Ukrhazdobycha and DTEK Naftogaz.

The proposal of Belarusian Railway to set up a new logistics route to the EU through Belarus¹⁵ is also worth mentioning along with the information that Global Spirits Group, one of the significant producers of alcoholic beverages of Ukraine (Khortytsia trademark), transfers a part of its facilities to Belarus.

Quite naturally, Ukrainian producers are not happy about the increased inflow of Belarusian commodities. For instance, they try to make supplies of BKM trolleybuses a political issue, pointing to the use of electric motors manufactured in Russia, considered an aggressor.

9 Prosecutor General's Office of Belarus asks Ukrainian counterparts to check Yuri Politika's incarceration conditions <http://www.belta.by/society/view/genprokuror-belarusi-prosit-ukrainskogo-kollegu-proverit-uslovija-soderzhanija-jurija-politiki-pod-315760-2018/>

10 Belarusian espionage suspect Politika is transferred to Kiev, his lawyer says <https://www.radiosvoboda.org/a/news-bilorusa-polityku-perevodiat-do-kyeva/29477401.html>

11 Belarusian “spy” was brought to Ukrainian court with bodily injuries <https://www.pravda.com.ua/news/2018/08/27/7190302>

12 Belstat - http://www.belstat.gov.by/ofitsialnaya-statistika/makroekonomika-i-okruzhayushchaya-sreda/vneshnyaya-torgovlya_2/operativnye-dannye_5/eksport-import-s-otdelnyimi-stranami/

13 Auto-Holding plant launches production of one more model of municipal vehicle <https://maz.ais.ua/news/eschedna-model-komunalnogo-avto>

14 Ivano-Frankivsk to buy 29 Belarusian trolleybuses equipped with Ukrainian engines - https://kurs.if.ua/news/ivanofrankivsk_zakupyt_29_biloruskyh_trolleybusiv_z_ukrainskymy_motoramy_67494.html

15 Belarusian Railway proposes to set up new logistics route to EU through Izov-Hrubieszów border crossing point - https://www.uz.gov.ua/press_center/up_to_date_topic/476874/

Another method to oppose competition is anti-dumping investigations initiated by Ukrainian producers. Chemical enterprises (producers of acids) and Ukrcement Association are most active in this respect. The former successfully sought an anti-dumping investigation into the import of sulfuric acid, which resulted in supply quotas regardless of the country of origin. This concurred with anti-dumping investigations into the import of steel rods and some sorts of steel from Belarus and the import of cement from Belarus and Russia.

The anti-dumping investigation into supplies of Belarusian cooking salt to Ukraine is in progress. Belarusian embassy officers attended the hearing of the case on August 9.

Ukrcement succeeded in the revocation of several quality certificates issued to Belarusian cement producers. Belarusian exporters will have to obtain new certificates now.

Forecast

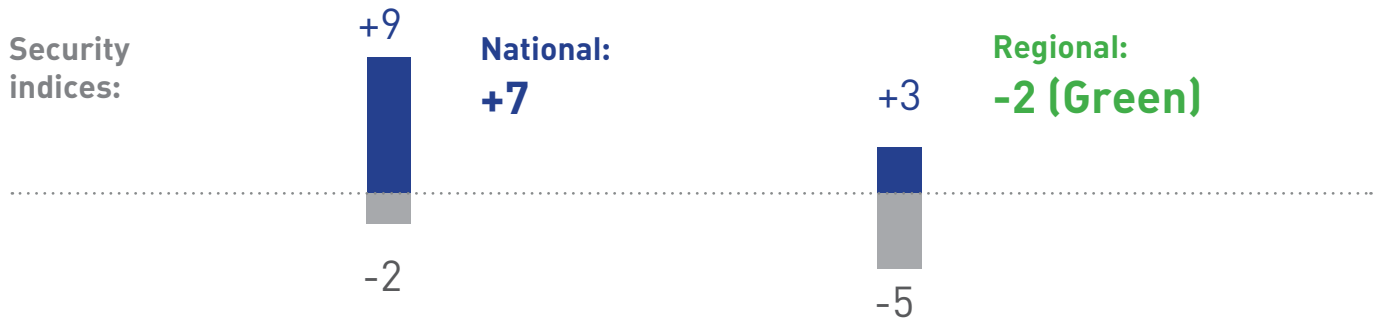
As we predicted in the previous issue of the Barometer, Belarus continues entering the Ukrainian market not only through exports, but also through industrial cooperation and establishment of joint ventures. We forecast that Ukrainian producers will continue to strongly oppose imports from Belarus by means of anti-dumping investigations and politicization of the issue in the media. The large-scale Forum of the Regions planned for this autumn and high-level meetings during the event can alleviate a great deal of problems.

The forthcoming elections have produced an impact on political contacts. Adverse information inputs regarding political and economic threats originating in Belarus will increase. At the same time, the Ukrainian political leadership will be cautious enough about statements regarding further cooperation with Belarus.

When it comes to the media, Belarus continues to show a lack of understanding of the Ukrainian media environment and inability to adequately respond to provocations. Therefore, information attacks designed to disrupt joint Belarusian-Ukrainian projects will become a major threat in the period from the autumn of 2018 through the summer of 2019. Without a reasonable position and an algorithm for actions, Minsk may face unexpected problems brought from the media space to the level of bilateral diplomatic contacts.



Security Barometer: status of national and regional security



Trends

1. Belarus seeks to remain neutral in the regional confrontation to the greatest extent possible. This is evidenced by the relatively calm attitude of Minsk to actions of almost all neighboring countries and NATO, as well as security consultations with Poland and Latvia. Minsk however, is concerned about steps taken by other countries, which, having accumulated, lead to the militarization of the region.
2. The Belarusian government is unable to carry out large-scale modernization of the army, and even such priority components as special operations forces are being rearmed rather slowly. The army is trying to compensate that by holding military exercises, involving foreign partners as little as possible. Four fairly large exercises with various components of the armed forces held in August manifest this trend.
3. The region continues to gradually turn into a global confrontation area. As military facilities for strategic weapons are being constructed around the country (for example, the elements of the anti-missile defense system in Poland and an airfield adapted to strategic bombers in Lithuania), Minsk is trying to withstand pressure of the Kremlin, which sure wants to reciprocally arrange its military facilities in Belarus.
4. So far, the militarization of the region is limited by meager economic possibilities of most of the states (the Baltics and Ukraine). Around Belarus, the situation is mostly affected by actions of Russia and Poland and the increasing role of the United States. Meanwhile, many of the former ties with allies get weaker, primarily within NATO on the one hand, and between Belarus and Russia and inside the CSTO on the other hand.

1. National security

Defense policy

After his talks with his Latvian counterpart Edgars Rinkēvičs on July 19, Foreign Minister of Belarus Uladzimir Makiej said that Minsk was monitoring NATO's actions in the region and had a cautious response so that *"our actions would not contribute to the escalation of tensions in our region, lead to yet another arms race, or some sort of militaristic aspirations."* He said that Minsk did not welcome NATO's increased activity in some countries of Eastern Europe, *"because this does not enhance stability and security in our region."* *"We certainly understand that NATO is guided by its own logic, and the neighboring countries have logic of their own. We understand that they are taking these steps based on their aspirations,"* Makiej said. He reiterated that Belarus was not going to allow deploying foreign military bases in its territory, being interested in continuing dialogue with NATO and certain unnamed "international organizations."¹

In line with the 2011 Vienna Document on Confidence- and Security-Building Measures, in July, Belarus demonstrated Polonaise multiple rocket launchers of domestic manufacture and NONA-M1 mortars purchased from Russia to representatives of the OSCE member states and the OSCE Conflict Prevention Center.²

Equipment of the national army

On July 24, the 103rd detached Guards airborne brigade was solemnly presented with 32 BTR-70MB1 armored personnel carriers (the Belarusian upgraded version of the Soviet vehicle), and 18 Russian semi-automatic 120 mm 2B23 NONA-M1 mortars towed by the domestic Volat carriers. Ihar Zalatar, Chief of Armaments of the special operations forces, said that *"it was the first supply to the special operations forces of such large scale in recent years."* Another unit of high importance – the 38th airborne assault brigade – will be rearmed no sooner than next year.³ According to the official newspaper of the Belarusian army, the BTR-70MB1 "has enhanced performance characteristics, which are very close to the widely used BTR 80 armored carrier." This means that it was not actually an all-round upgrade, considering that the BTR-80 is not a new model, but the old Soviet vehicle still used by the army.

In the course of the Army-2018 International Military Technical Forum in Kubinka, the Belarusian delegation signed contracts to supply the Sopka radar station and a new batch of Kalashnikov sniper rifles. The delegation held talks with Uralvagonzavod over further upgrade of the T-72 tanks to the T-72B3 version, and negotiated post-warranty servicing of the Mi-8MTV-5 helicopters⁴ with JSC Russian Helicopters. The Belarusian army tested the latest Russian PDM-A PRIZ portable flamethrower⁵, which is likely to be procured in the near future.

1 Makiej: We will take into account NATO's actions on the borders, but we will not heat up tensions BelTA, July 19, 2018, <http://www.belta.by/politics/view/makej-my-budem-uchityvat-dejstvija-nato-na-nashih-granitsah-no-namereny-nagnetat-naprjazhennost-v-311069-2018/>

2 Sign of transparency and openness, 7 Jul 2018, International Military Cooperation, No.122 <https://vsr.mil.by/2018/07/07/znak-prozrachnosti-i-otkrytosti/>

3 Firepower, durability and flotation, 26 Jul 2018, Relevant No.135 <https://vsr.mil.by/2018/07/26/ognevaya-moshh-nadyozhnost-i-proxodimost/>

4 Army-2018 Military-Technical Forum: Results, Aug 23, 2018 in Ministry of Defense informs No.155 <https://vsr.mil.by/2018/08/23/voenno-texnicheskij-forum-armiya-2018-itogi/>

5 We will fight! 24 Jul 2018 in Relevant No.133 <https://vsr.mil.by/2018/07/24/budem-srazhatsya/>

Exercises

A command and staff exercise with military units and logistics support organizations was held in early August under the supervision of Chief of Logistics Andrej Burdyka. The military practiced de-concentration of material supplies at stationary bases, supplies from mobile field storages, refueling of aircraft, and bridge restoration.⁶

On August 5-17, China hosted the Belarusian-Chinese antiterrorist exercise Hunting Falcon. According to available information, Belarus delegated a company-size unit of the 38th airborne assault brigade. Over the past decade, Hunting Falcon has been held alternately in Belarus and China.

The first computer-based command and staff exercise Regional Security–2018 of the CIS joint air defense was held on August 14-16 in Minsk under the leadership of Belarusian-Russian Joint Air Defense Commander Major General Ihar Holub. Along with computer simulations of possible combat operations, the military used Belarusian and Russian airfields for practicing target flights and crossing of the state borders.⁷

In mid-August, the Western Operational Command organized a three-day tactical exercise with the 11th and 6th infantry brigades, 74th signal regiment, 255th radio-radar special operations regiment and 48th electronic warfare battalion simultaneously at three training grounds. The program included reconnaissance management and interaction between reconnaissance and artillery units.⁸ This exercise was part of the preparation for an all-army command and staff exercise scheduled for September.

The 120th detached Guards infantry brigade of the North-West Operational Command rehearsed defensive combat operations during a command and staff exercise in mid-August.⁹

The Engineering Corps held a command and staff exercise in late August, which involved officers of the General Headquarters of the air force and air defense, command of the special operations forces and units of the 188th, 2nd and 557th engineer brigades and the 7th engineer regiment. The units worked on field defenses, arrangement and maintenance of traffic routes for troops, construction of a ferry crossing and engineer obstacles, explosive demolition and interaction with an infantry unit.¹⁰

Belarusian air defense units practiced live firing using C-300PS, Tor-M2 and Buk systems in a tactical exercise held from August 7 to September 2 at the Ashuluk training range in Russia.

International contacts

On July 10, acting head of the International Military Cooperation Department Valier Revienka met with a Latvian parliamentary delegation led by Ainars Latkovskis, Chairman of the Defense, Internal Affairs and Corruption Prevention Committee of the Latvian parliament.¹¹

Serbian Defense Minister Aleksandar Vulin visited Belarus on August 13-14 to introduce Serbia's first defense attaché at the Embassy in Belarus and officially open his office¹². The attaché obtained accreditation.

⁶ Reliably and unconditionally, Aug 16, 2018, No.150, <https://vsr.mil.by/2018/08/16/nadyozhno-i-bez-uslovnostej-2/>

⁷ Under single air defense shield, Aug 16, 2018, No.150 <https://vsr.mil.by/2018/08/16/pod-edinyim-shhitom-pvo/>

⁸ Find and eliminate, 29 Aug 2018, No.159 <https://vsr.mil.by/2018/08/29/najti-i-unichtozhit-5/>

⁹ Effect of departure from clichés, 21 Aug 2018, No.153 <https://vsr.mil.by/2018/08/21/effekt-uxoda-ot-shablonov/>

¹⁰ Distinctly, quickly, jointly... 29 Aug 2018, No.159 <https://vsr.mil.by/2018/08/29/chyotko-bystro-soobshha/>

¹¹ Within the framework of international military cooperation, 11 July 2018, No.124 <https://vsr.mil.by/2018/07/11/v-ramkax-mezhdunarodnogo-voennogo-sotrudnichestva-20/>

¹² High-level visit, 14 Aug 2018, No.148 <https://vsr.mil.by/2018/08/14/vizit-vysokogo-urovnya-2/>

Chief of General Staff Alieh Bielakonieŭ made an official visit to China on August 15-18. He held talks with Chief of the Joint Staff Department of the Central Military Commission of China Li Zuocheng. The officers discussed cooperation in combat training, military education and engagement within the Shanghai Cooperation Organization.¹³

On August 21-24, an Azerbaijani delegation headed by First Deputy Minister of Defense, Chief of the General Staff Colonel General Najmeddin Sadikov made an official visit to Belarus to discuss bilateral cooperation.¹⁴

On August 26-27, two Belarusian officers observed the multinational military exercise of NATO member states Namejs 2018 in Latvia. On August 28-29, in accordance with the Vienna Document of the Negotiations on Confidence- and Security-Building Measures, a group of Belarusian officers inspected a designated area of Latvia. The group included one Russian military inspector.¹⁵

On August 28, Chief of General Staff Alieh Bielakonieŭ took part in a meeting of the chiefs of SCO General Staffs in Moscow. They assessed the implementation of the decisions made at the meeting of defense ministers of the SCO member states held on April 24 in Beijing and planned cooperation between the Defense Ministries of the SCO member states.¹⁶

On August 28-29, the Belarusian and Polish Ministries of Defense held consultations in Brest to work out a plan of bilateral military cooperation and address international and regional security matters.¹⁷

2. Regional Security

Situation in the region

Russian Defense Minister Sergei Shoigu said on July 24 that since 2016, more than seventy units, including two divisions and three brigades, have been formed in the Western Military District. Around 5,000 pieces of new and upgraded weapons and equipment have been provided. As a result, the share of modern arms and materiel has increased from 39% to 54%. Shoigu stressed that special attention was paid to the training of the regional group of forces of Russia and Belarus, but only mentioned the upcoming joint exercise Shield of the Union-2019 as an example.¹⁸

On July 20, the U.S. Department of Defense announced allocation of another USD 200 million to Ukraine to finance training programs, procure munitions and pay advisers in order to strengthen the Ukrainian army. In total, the U.S. assistance to Ukraine in the field of security provided since 2014 will exceed USD 1 billion.¹⁹

13 Strengthening international cooperation, 15 Aug 2018, No.149 <https://vsr.mil.by/2018/08/15/ukreplyaya-mezhdunarodnoe-sotrudnichestvo/>

14 On official visit, 22 Aug 2018, No.154 <https://vsr.mil.by/2018/08/22/s-oficialnym-vizitom/>

15 Within the framework of international military cooperation, 31 Aug 2018, No.161 <https://vsr.mil.by/2018/08/31/v-ramkax-mezhdunarodnogo-voennogo-sotrudnichestva-21/>

16 For international security, 30 Aug 2018, No.160 <https://vsr.mil.by/2018/08/30/v-interesax-mezhdunarodnoj-bezopasnosti-2/>

17 Ministry of Defense informs, Aug 29, 2018, No.159 <https://vsr.mil.by/2018/08/29/ministerstvo-oborony-informiruet-24/>

18 More than 70 new units formed in the west of Russia since 2016, July 24, 2018, <https://tass.ru/armiya-i-opk/5399221>

19 DoD to Provide \$200 Million in Security Cooperation Funds to Ukraine July 20, 2018 <https://www.defense.gov/News/Article/Article/1580565/dod-to-provide-200-million-in-security-cooperation-funds-to-ukraine/>

On August 14, U.S. President Trump approved the next year's defense spending plan, which envisages security assistance to Ukraine in the amount of USD 250 million, which is USD 50 million more than in the previous budget. The new plan also establishes the need to hold exercises with Ukraine and Georgia in the Black Sea, place additional missile defense facilities in Europe and freeze the Open Sky Treaty, which will affect the Eastern European region.

In July-August, Polish Defense Minister Mariusz Błaszczak made a number of statements on the placement of an American military base in Poland.²⁰ He said that the probability was "very likely", although the timeframe remains uncertain. The armament of the Polish army and the deployment of an American base will be discussed at the September meeting of the Polish and U.S. presidents.²¹ According to earlier reports, an American armored division can be stationed near Toruń or Bydgoszcz, and Warsaw is willing to pay up to USD 2 billion for that.

Regional exercises

From August 20 to September 2, Latvia held Namejs-2018 exercise, the largest one since the restoration of its independence. The exercise that covered the entire country involved armed forces of 12 allied states, the police, border guards and volunteers, over 10,000 people in total.²² According to the scenario, the forces were quelling riots in Jēkabpils and Valmiera, in the light of the events in Ukraine.

In late August, Ukraine trained its navy, army, and law enforcers in defending the Black Sea coast in the command and staff exercise Storm-2018.

The Ukrainian armed forces continued to very slowly push the enemy out in the eastern regions of the country. Since the status of the hostilities in Donbas actually changed to a military operation, from April 30 to mid-August, the Ukrainian army regained control of 15 square kilometers of the country's territory.²³

Regional force buildup

On August 3, the U.S. Department of State approved the sale of four new UH-60M Black Hawk multipurpose military helicopters to Latvia for nearly USD 200 million. The sides will talk terms once the deal has been okayed by the Congress.²⁴ The first helicopter will be delivered in 2021. This will expand the combat capabilities of the Latvian army, which will still remain quite limited.

It became known at the end of August that the Lithuanian army formed a new infantry battalion. It will be deployed in Šiauliai as a fourth unit of Žemaitija motorized infantry brigade formed in 2016.²⁵

20 Mariusz Błaszczak o stałych bazach wojsk USA w Polsce: trwają rozmowy, atmosfera jest dobra, 02 lipca 2018 <https://www.wnp.pl/parlamentarny/spoleczenstwo/mariusz-blaszczak-o-stalych-bazach-wojsk-usa-w-polsce-trwa-ja-rozmowy-atmosfera-jest-dobra,32368.html>

21 US, Polish presidents to talk security at upcoming White House meeting: official 29.08.2018 <http://www.thenews.pl/1/10/Artykul/379856,US-Polish-presidents-to-talk-security-at-upcoming-White-House-meeting-official>

22 Largest exercise Namejs-2018 has concluded <https://rus.lsm.lv/statja/novosti/politika/krupneyshie-voennie-uchenija-namejs-2018-zavershilis.a290860/>

23 Since the beginning of the joint force operation, the Ukrainian army advanced by 15 kilometers, 16 Aug 2018 <https://www.unian.ua/war/10227006-z-pochatku-oos-ukrajinska-armiya-prosunulasya-vpered-na-15-kilometriv.html>

24 Bergmanis: Purchase of Black Hawks from U.S is vital; they will be used for civil purposes as well, DELFI.lv August 20, 2018, <http://rus.delfi.lv/news/daily/latvia/bergmanis-pokupka-u-ssha-chernyh-yastrebov-zhiznenno-neobhodima-ih-budut-ispolzovat-i-v-grazhdanskih-celyah.d?id=50316229&all=true>

25 Lithuanian army to form battalion in Siauliai, BNS, en.DELFI.lt Friday, August 24, 2018 <https://ru.delfi.lt/news/politics/litovskaya-armiya-sozdast-batalon-v-shyaulyaj.d?id=78892525>

The Latvian army command announced the deployment of five Zemessardze battalions in Latgale, where the military have not been stationed so far, and placement of recently purchased howitzers there in the near future.²⁶ The region borders on Belarus.

Forecast

Minsk will continue targeted rearmament of the army to prepare for possible security emergencies without being dragged into wider regional or global confrontations. Therefore, the Belarusian government needs to modernize some military units having a scarce budget and, unlike the neighboring states, almost with no external support.

Russia will increase pressure on Belarus to achieve its stronger response to NATO's actions. This pressure will grow slowly, because there is no immediate need for it. The scope of the forthcoming Shield of the Union exercise will slightly increase. Minsk will not make substantial concessions to the Kremlin, knowing that NATO and its allies will react to any changes in the situation.

As can be judged, among other things, by the available information about the Belarusian-Russian negotiations at the arms exhibition in Kubinka, Russia will refrain from large arms supplies on preferential terms. Besides, Russia can hardly afford it now, and, in general, over the past decade and a half, it has been increasingly unwilling to arm its allies.

NATO will tend to selectively cooperate with the countries more inclined to work with the United States, first of all the Eastern European states, including Poland and the Baltic States, possibly under more risky scenarios, even despite objections of the leading Western European members of the Organization. The focus of America's military efforts in Europe will continue to shift towards Belarus. In the near future, Washington and Warsaw will take steps to redeploy U.S. troops to Poland. Minsk will face a more dangerous situation both in relations with Poland and the United States and with Russia. However, to a certain extent, Minsk can compensate for these difficulties by establishing dialogue with NATO and its Western European members, but only if Belarusian diplomacy is able to cope with such a challenging task.

²⁶ PHOTOS: Namejs military exercise is over. 2018, September 2, LETA, <http://rus.delfi.lv/news/daily/latvia/foto-zavershayutsya-voennye-ucheniya-namejs-2018.d?id=50352723>

Appendix 1

Catalogue of events underlying the relations development indices

Relationship with Russia

Date	Event	Point
1 July	Customs Code's localization requirements come into effect	+1
2 July	Minister Raŭkoŭ meets with chief of staff Ignatov	+1
9 July	Board meeting of the EEC in favor of Belarusian dairy products	+1
13 July	Dairy roadmap is signed	+1
15 July	Lukashenka visits FIFA World Cup Russia in Moscow	+1
20 July	Rosselkhoznadzor announces limitations on mushroom import from Belarus	-1
27 July	EEU Intergovernmental Council meeting	+1
23 July	Telephone conversation between Lukashenka and Putin	+1
10 August	Lukashenka's statement about "Russians' barbarian attitude"	-1
10 August	Reuters' material about the "money meter running" for Belarus	-1
18 August	Economic part of the government replaced	+1
22 August	Lukashenka and Putin in Sochi	+3
24 August	Babich appointed ambassador to Belarus	+1
29 August	Meeting between Liašenka and Kozak	+1
Total		+10

Relationship with the EU

Date	Event	Point
2 July	European Nuclear Safety Regulators Group (ENSREG) approves the Peer Review Report of the EU Stress Test for the Belarusian Nuclear Power Plant. Belarus voiced constructive willingness to work on the implementation of the recommendations.	+2
6 July	Makiej meets with Slovenia's Ambassador Primož Šeligo	+1
12 July	Makiej meets with Hungary's Ambassador Vilmos Sziklavari	+1
12 July	Jeūdačenka meets with a delegation of the Federal State of Bavaria	+1
16 July	Dapkiunas meets with Andrea Wiktorin, Head of the EU Delegation to Belarus	+1
17 July	Fifth round of the bilateral Belarus-EU Human Rights Dialogue held in Minsk	+1
19-20 July	Makiej visits Latvia	+2
1 August	Kraučanka meets with a delegation of the Federal State of Saxony	+1
2 August	Kraučanka meets with Czech Republic's Ambassador Milan Eckert	+1
14 August	Signing of a grant contract for the international technical assistance project "Improvement of border management operations at the vehicle checkpoints Bruzgi and Berestovitsa as part of the Poland-Belarus-Ukraine cross-border cooperation program."	+1
27 August	Deputy Prime Minister Rusy, deputy ministers of foreign affairs, health, agriculture and food meet with Commissioner for Health and Food Safety Vytenis Andriukaitis	+1
30 August	Senior officials of the Foreign Ministry and Parliament meet with MPs of the Finnish Parliament	+1
August	"BelTA case" and extremely negative response by some of the EU countries and institutions	-2
July-August	Mostly positive materials in official media and statements by the leadership of the country about the EU	+1
Total		+13

Relationship with China

Date	Event	Point
1-4 July	Visit of a Chinese military delegation, participation of Chinese guards of honor in the Independence Day parade in Belarus	+1
2 July	Agreement on a Belarusian contact office in the Belt & Road Collaborative Innovation Center in Qingdao	+1
2-3 July	Visit of Deputy Presidential Chief of Staff Valier Mickievič to China. Mickievič attended a reception on the occasion of Belarusian Independence Day at the Embassy of Belarus	+1
13-15 July	Visit of the Chongqing mayor to Belarus and his meeting with Vice Premier Kalinin and Minsk Region Governor Isačenka	+1
14 July	First container train arrived to the Kaliadzičy terminal from Chongqing	+1
14-15 July	Days of Chongqing Culture and Tourism in Minsk	+1
26 July	Agreement on twin-city relations between Brest and Baiyin (Gansu Province)	+1
26-29 July	Visit of a CITIC Group delegation headed by Chang Zhenming to Belarus, meeting with Lukashenka, and the beginning of the construction of an agro-industrial enterprise near Puchavichčy	+1
7 August	First session of the task group on the mutual recognition of Approved Economic Operators in Beijing (representatives of the State Customs Committee of Belarus and General Administration of Customs of China)	+1
9 August	Belarusian-Chinese seminar for think tanks at the National Academy of Sciences of Belarus	+1
4-18 August	Belarusian-Chinese Hunting Falcon-2018 anti-terror exercise in Shandong	+1
15-16 August	Visit of Chief of General Staff, First Deputy Defense Minister of Belarus Alieh Bielakonieŭ to China	+1
20-29 August	A group headed by Deputy Foreign Minister Dapkiunas took part in a seminar for high-ranking public officers organized by the Ministry of Commerce of China	+1
22-26 August	Visit of a delegation headed by Deputy Information Minister Ihar Buzoŭski to China for the Beijing International Book Fair	+1
22-23 August	Visit of Education Minister Ihar Karpienka to China for a session of the joint education cooperation committee	+2
23 August	Meeting of Chairman of the State Property Committee of Belarus Andrej Gajeŭ and Deputy Chairman of the State-Owned Assets Supervision and Administration Commission of China Shen Ying; seminar on reforms in management of state-run enterprises in Belarus and China	+1

Date	Event	Point
24 August	Session of the Commission for Trade and Economic Cooperation of the Belarusian-Chinese Intergovernmental Cooperation Committee (Aliaksandr Červiakoŭ and Fu Ziying)	+1
28 August	Agreement on twin-city relations between Homiel and Chengdu	+1
28-30 August	Visit of Belarusian Agriculture Minister Zajac to China	+2
August	Recuperation of nearly 200 Chinese children at Belarusian health resorts	+1
Total		+22

Relationship with the U.S.

Date	Event	Point
3-4 July	Belarus, U.S. exchange congratulations on the occasion of the two national holidays	+1
6 July	Makiej meets with U.S.' Charges d'Affaires Robert Riley on the occasion of the conclusion of his mission	+1
9-11 July	Deputy Foreign Minister Alieh Kraŭčanka visits the U.S.	+1
27 July	Presidential decree comes into effect, extending to 30 days visa-free entry for citizens of 74 states, including the U.S. Increase in the number of Belarusian tourists to the U.S.	+1
July	Statement about difficulties at BMZ due to U.S.' tariffs on steel and aluminum	-1
August	Negative media response to arrests of Belarusian journalists in the "BeITA case". Statement by the U.S. Embassy with appeals to release journalists and meet international obligations	-2
26 August	Lukashenka's interview to Belarus-1, positive statement about Donald Trump	+1
29 August	Makiej meets with new U.S.' Charges d'Affaires Jenifer H. Moore	+1
Total		+3

Relationship with Ukraine

Date	Event	Point
2 July	Quotas on the import of sulfuric acid and oleum to Ukraine	-1
2 July	Start of the anti-dumping investigation into imports of some sorts of steel from Belarus	-1
2 July	Belarusian Railway proposed Ukrainian Railways to set up a new logistics route	+1
6 July	Working visit of the minister of architecture and construction of Belarus to Ukraine	+2
7 July	Days of Ukrainian Culture in Belarus	+1
11 July	Nationalization of the Orša Aircraft Repair Plant	-1
12 July	Petition to ban the St. George Ribbon in Belarus	+1
16 July	DTEK Naftogaz started drilling new gas wells in cooperation with Belorusneft	+1
18 July	Ivano-Frankivsk bought 29 BKM trolleybuses	+1
18 July	Yezhel was granted refugee status in Belarus	-1
23 July	Start of manufacture of a new MAZ-based vehicle in Kremenchug	+1
24-27 July	Belarusian officers inspected Ukrainian armed forces	+1
30 July	Yuzhmash became a market leader with Dnipro trolleybuses in first half of 2018	+1
9 July - 3 August	Ukrainian media speculate about Lukashenka having a stroke and the annexation of Belarus by Russia	-1
01 August	Bilateral trade turnover grew by 21%	+1
9 August	Belarusian-Turkish consultations on the Dnieper navigation	+1
15 August	Global Spirits transfers part of production facilities to Belarus	+1
18 August	Lukashenko says, "We will not be vassals."	+1
19 August	Festival of Ukrainian culture in Minsk	+1
20 August	Approval of the draft agreement on readmission	+1
23 August	MAZ Trading House tops the list of auto importers in Ukraine	+1
26 August	Belarusians top the list of foreign tourists in Kiev	+1
9-29 August	Statement by the Belarusian Prosecutor general's Office on the observance of Jury Palityka's rights	-1
28-29 August	Ukrainian media changed rhetoric regarding Jury Palityka	+1
1-26 August	Discussion of the appointment of Babich as Russia's ambassador to Belarus	-1
Total		+12

Appendix 2

Catalogue of events underlying the security indices

Date	Event	National security	Regional tension
2 July	Statement by Polish Defense Minister Mariusz Błaszczak on the placement of an American military base in Poland	-1	-1
July-August	Continued war in the east of Ukraine	-1	-1
24 July	Delivery of a large batch of arms to the 103 rd division of the Belarusian army	+1	0
24 July	Statement by Russian Defense Minister Sergei Shoigu on the buildup of forces in the Western Military District of Russia	0	-1
August	Four large exercises of the Belarusian army, which involved logistics support, engineer and infantry signal units	+1	0
5-17 August	Hunting Falcon anti-terror exercise	0	0
13-14 August	Visit of Serbian Defense Minister Aleksandar Vulin to Belarus	0	0
14 August	The U.S. adopts the largest ever defense budget with a number of provisions on Eastern Europe	0	-1
15-18 August	Official visit of Chief of General Staff, First Deputy Defense Minister of Belarus Alieh Bielakonieŭ to China	+1	0
21-24 August	Official visit of Chief of General Staff, First Deputy Defense Minister of Azerbaijan Najmeddin Sadikov to Belarus	+1	0
26– 29 August	Belarusian officers oversee Namejs-2018 exercise in Latvia and inspect a designated area of Latvia	+2	+2
28 August	Chief of General Staff Bielakonieŭ takes part in a meeting of SCO chiefs of general staff in Moscow	0	0
28-29 August	Consultations between the Defense Ministries of Belarus and Poland	+1	+1
14-16 August	Belarusian-Russian joint air defense exercise	+1	0
7 August-2 September	Air defense exercise at Ashuluk training ground	+1	0
20 August-2 September	Namejs-2018 international exercise in Latvia	0	-1
Conclusion		+7	-2 (Green)

Appendix 3

Colour scale of regional security tensions

Colour Value	Numerical Value	Interpretation
White	more than -1	Low likelihood of escalation. Non-threatening situation
Green	from -2 to -6	Presence of military activities, which do not pose a direct threat and will not necessarily lead to the escalation of tensions. Such a situation calls for cautious attention.
Yellow	from -7 to -12	Military and other activity is observed that is capable of leading to the escalation of tensions. The situation calls for close attention.
Orange	from -13 to -17	Military preparations in the region. Growing tensions. Situation is threatening.
Red	-18 and less	Sharp escalation of tensions. The conflict is virtually unavoidable. A pre-war situation.

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