

MINSK BAROMETER

Monitoring of
foreign policy and
regional security

Dear readers,

We are pleased to present the third issue of Minsk Barometer, which analyzes Belarus's foreign policy and the status of security in May and June. During the period under review, the index of the relationship with the European Union for the first time ever surpassed the Russian dimension; Belarus's relations with China have also markedly intensified.

In the bilateral framework with Russia, conflicts associated with dairy supplies have not been settled. Yet, at the same time, Moscow keeps refinancing debts of Belarusian industrial companies and offers significant investments.

In the European dimension, the intensification of contacts continues on a broad range of topics and at various levels.

China actively seeks further credit and project cooperation. Search is currently underway for new formats and tools to finance the construction of the infrastructure of the China-Belarus Industrial Park.

The index of Belarus's relationship with the U.S. has dropped. The momentum of the period of sanctions comes into conflict with the actual state of engagement, which hampers the normalization process.

Improvements are observed in non-political spheres of Belarus's Ukrainian dimension, and the same is true for the technical level of cooperation.

When it comes to defense, Minsk relies on the development of its own production of the crucial types of arms and equipment. The government pursues a multi-vector policy to the maximum degree possible in the Belarusian environment. Military exercises were conducted in the region, including with risky elements. However, in general, the confronting sides are effectively held back and the level of regional tension remains within the "green zone."

We wish you interesting and rewarding reading and will be pleased to have your comments, questions, and recommendations on the improvement of this review.

Best regards,

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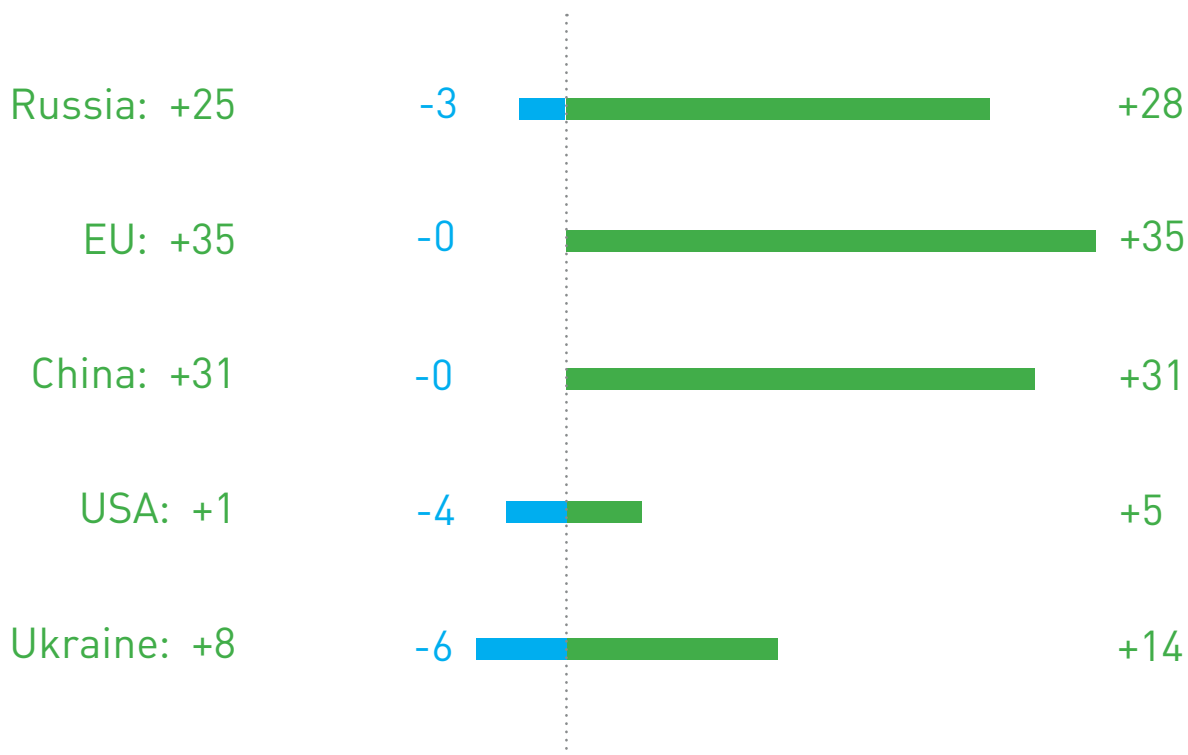
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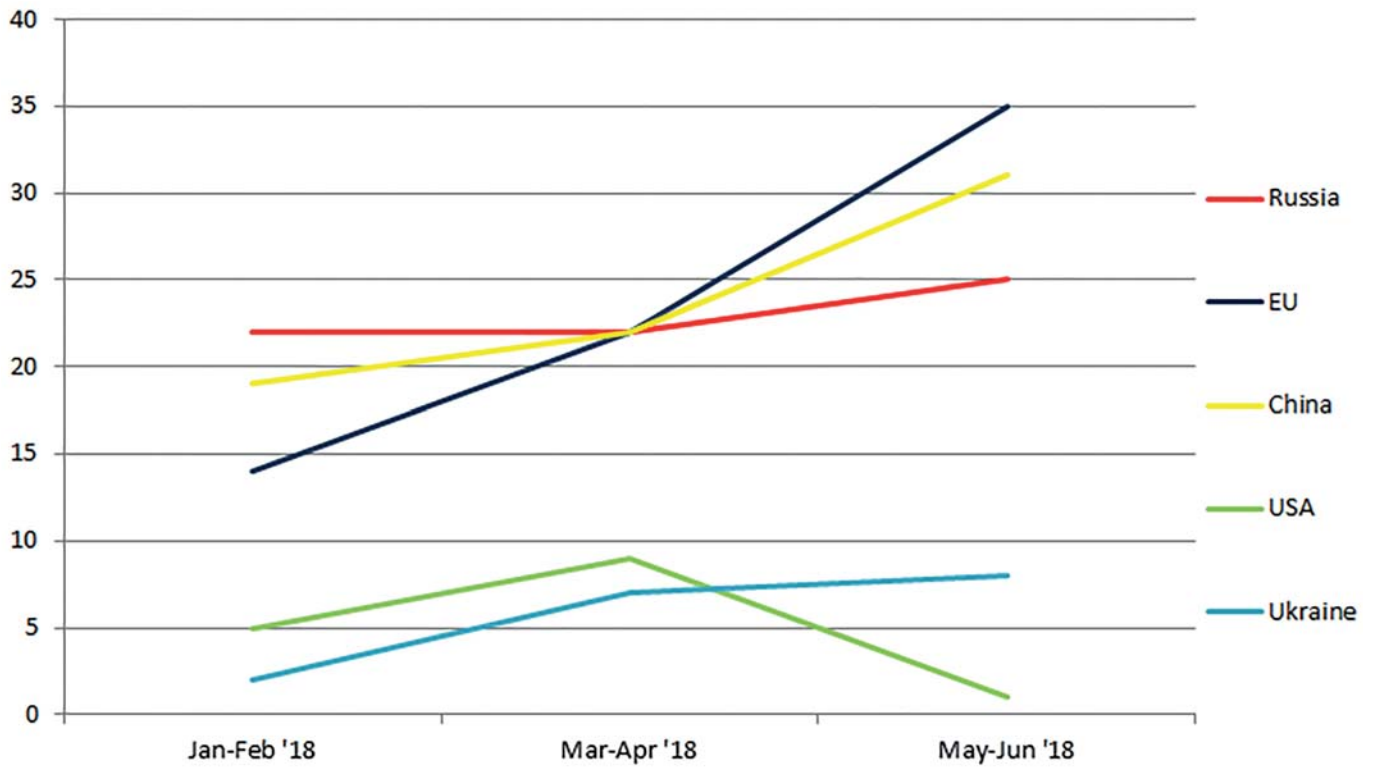
Relations development indices:



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

+28



-3

Resulting index: +25

Positive points: +28

Negative points: -3

Trends

1. Russia refinances debts of Belarusian industrial companies and offers significant investments.
2. The role of Belarus as a transit country for Russian gas grows more prominent as Russia experiences problems with Nord Stream 2 and Ukraine.
3. No satisfactory resolution of conflicts over supplies of dairy products has been found.
4. Belarus is taking too long to effectively adapt to the new terms of cooperation.

Events and developments

Political background

The political backdrop of the engagement with Russia in May and June was affected by the increase in tensions between Russia and the Western world, the revolution in Armenia, the appointment of a new Russian government, and that new government's focus on reducing costs in conditions of sanctions. Against such a backdrop, the relationship between Belarus and Russia was quite intense, eventful, and overall constructive.

The parties held a large number of meetings, including high-level meetings, once again declared the strategic nature of the alliance between Belarus and Russia. However, against this very favorable political backdrop, no satisfactory resolution was found for a number of issues on the bilateral agenda, whereas the media background of the Belarus-Russia dimension once in a while created an impression of an impending disaster – despite the fact that no serious conflicts between the two countries occurred. And still, the threats voiced by the media – the military base, takeover, bans on dairy supplies, Putin's decision to break with the old tradition of making his first visit after re-election to Belarus – can be perceived as indicators of real problems.

In general, in adapting to the new cooperation environment (which does not always derive from political will), Belarus is lagging behind in comparison with Russia, and, accordingly, sees its negotiating positions grow weaker. Anyway, this deterioration is not that conspicuous now.

In May, both countries celebrated Victory Day. In Belarus, the "immortal regiment" campaign took place, and the leaders of the two countries sincerely congratulated each other. Russia completed the creation of Vladimir Putin's new government; Arkady Dvorkovich and Alexander Tkachev were not included. The withdrawal of the lobbyists of Transneft and agro-holdings may open up additional opportunities for Belarus.

In his speech on Victory Day Aliaksandr Lukashenka described the relationship with Russia as follows: *"Today, our relations are not devoid of pragmatism. Russia sees certain pragmatism in its cooperation with Belarus, and the same applies to us. But to fix and stop at this level or to cooperate exclusively with Russia would be wrong, as I have already said. We pursue the same*

policy as Russia does – we diversify our relations, especially those economic.”¹

Vladimir Putin made an even more politically significant statement when approving Dmitry Medvedev’s candidacy in the State Duma: “... it has been said that they “snatched” Ukraine and Moldova from us, and currently processes are taking place in Armenia. Listen, nobody snatched anything. We dissolved the Soviet Union, we did on our own <...> we must understand that these are sovereign states, and they are entitled to pursue their own policies and we need to treat them with respect, because <...> otherwise it will be impossible to build relations in any way.”²

Therefore, the heads of Belarus and Russia gave a signal to their respective elites regarding the state policy with respect to the former Soviet Union as a policy that is primarily pragmatic and does not aim at revising the historic period since the disintegration of the USSR.

The Minsk Dialogue Forum of 23–25 May 2018 generated a significant interest in the Russian political community. Later, Russian Ambassador to Belarus Alexander Surikov voiced³ Russia’s support for Belarus’s Helsinki-2 initiative.

On May 14, Sochi hosted an EEU summit attended by new Prime Minister of Armenia Nikol Pashinyan. The revolution in Armenia is indicative of the fact that its membership in the EEU, which functions in part as a safeguard institution, did not prevent changes.

The most important issues addressed at the summit were the relationships between the EEU and third countries, in particular the alignment of the EEU with China’s Belt and Road Initiative. This focus marks a decline in Russia’s role within the integration bodies that it originally established.

On May 29, Foreign Minister of Russia Sergey Lavrov signed an agreement in Minsk on the recognition of visas throughout the duration of 2018 FIFA World Cup Russia. Lavrov once again pointed to⁴ the allied and friendly nature of the relationship between Belarus and Russia. The ministers also discussed the relations with the EU and NATO.

On June 13, a meeting of the Council of Ministers of the Union State of Belarus and Russia was held. Heads of governments – Medvedev and Kabiakoŭ – emphasized the growth of trade and economic cooperation between the two countries.

Despite the already intensive bilateral agenda, the meeting of the Supreme State Council of the Union State of Belarus and Russia, which took place on June 19, became the highlight of the period under review. The arrival of the entire Russian leadership to the Supreme State Council session attested to⁵ the allied, strategic nature of the relationship.

Meanwhile, although the Belarusian side was counting on the Supreme State Council to mark the closure in the dairy conflict, no assurances of non-renewal of restrictions followed. Other important issues (as seen by the Belarusian side) also remained undecided at the session of the Supreme State Council: the temporary visa agreement will become the basis for a long-term document, but it is difficult to say when such a document may be signed. However, two issues deemed critical for the stability of the Belarusian political and economic system were addressed by the Supreme State Council.

The first one is the refinancing of debts of the Belarusian state industrial sector. On June 28, Head of Sberbank of Russia Herman Gref visited Minsk and stated that Sberbank intended

1 Belarus’s brotherly policy on Russia will not change – Lukashenka (<http://www.belta.by/president/view/bratskaja-politika-belarusi-v-otnoshenii-rossii-ne-izmenitsja-lukashenko-301997-2018/>)

2 President attends a plenary session in the State Duma (<http://kremlin.ru/events/president/news/57431>)

3 Surikov: Russia supports Belarus’s Helsinki-2 initiative (<http://www.belta.by/politics/view/surikov-rossija-podderzhivaet-belorusskiju-initsiativu-helsinki-2-306067-2018/>)

4 Belarus-Russia political dialogue is developing steadily and consistently (<http://www.belta.by/politics/view/belorussko-rossijskij-politicheskij-dialog-razvivaetsja-postupatelno-i-posledovatelno-makej-304541-2018/>)

5 Meeting of the Supreme State Council of the Union State (http://president.gov.by/ru/news_ru/view/zasedanie-vysshego-gosudarstvennogo-soveta-sojuznogo-gosudarstva-18955/)

to expand its investments in Belarus. This will include the “extension of the limits” to finance machine-building and energy companies, which envisages refinancing of their debt commitments. In addition, Sberbank will provide loans to support Belarusian export to Russia, and – especially – of Russian export to Belarus.

The second one is investment in the Belarusian gas transportation system. Putin unequivocally said that the role of the Belarusian route increased, because the Nord Stream 2 project was at least postponed again, due to U.S.’ sanctions. Accordingly, Ukraine remains the main route to supply Russian natural gas to the EU (about 90 bcm annually); however, it is hard to bargain with it now. Even though the Belarusian route cannot become an alternative to that going through Ukraine (with Belarus’s annual capacity of about 35 bcm), if additional storage facilities are built and respective gas mains are upgraded, it can secure five to ten days’ worth of supplies in the event of a bitter conflict between Gazprom and Ukraine. According to Putin, Gazprom is planning to invest USD 3.5 billion in the Belarusian gas transportation system in the next two years. Therefore, Belarus has a reason to rely on discounted natural gas rates in the next two or three years (i.e. in 2020-2022).

In other words, the benefits of the alliance with Russia are still substantially higher than the related costs.

Trade and dairy

Two-way trade keeps expanding, amounting to USD 11.4 billion in January-April 2018. Import supplies from Russia still grow faster than Belarus’s export deliveries to Russia (up by 25% year-on-year and up by 8%, respectively). The deficit of two-way trade, at USD 3 billion in the first four months, has been growing at such high rates that it may exceed USD 10 billion by the end of the year.

The rapid growth of the deficit is associated with the growing oil prices (which used to “warm up” the Russian market and allowed Belarus to increase sales of its products there), but oil is not the only reason. In the first four months, import of the following commodities went up by 50% and more on a year-on-year basis in volume terms: petroleum products (up by 66% in volume terms and by 90% in value terms), engines (up by 80% in volume terms), vehicles (up by 89%), fittings for pipelines, pipes made of ferrous metals, and metal constructions. Overall, the main lineup of traditional Russian supplies has grown significantly across all of the 15 main commodities in both value (excluding gas), and volume terms.

Belarusian export to Russia looks a lot more modest.

However, export of vehicles showed a positive trend. Supplies of trucks went up by 9.7% in volume terms and by 45% in value terms from the first fourth months of 2017, export of vehicle parts and elevators also increased, albeit not markedly. Export of tractors increased in volume terms, by 22%; however, selling prices in Russia dropped from last year’s level, hence a decrease in value terms by 7.5% from January-April 2017. The same applies to agricultural machinery (up by 28% in volume terms and down by 18.6% in value terms). On the contrary, prices of electric transformers went up in Russia, and despite the decrease in the volume of deliveries by 14.5%, in value terms, sales in Russia increased by 10.5%.

Food supplies encountered certain development issues. The obstacles set by Rosselkhoznadzor, which aims to restrict deliveries of Belarusian dairy to Russia, produced an impact on trade in March-April 2018, and as a result, in January-April 2018, whole milk export decreased by 7%, whereas condensed and powdered milk supplies dropped by almost a third. Export of cheese fell (cheese being the third most important export commodity of Belarus after trucks and meat): down by 3.4% in volume terms and by 10.3% in value terms. Butter export went down even more, by 31% and 41%, respectively. In total, dairy export plummeted by over USD 100 million year-on-year. Although a considerable amount, it would not be enough to offset the USD 3 billion deficit in trade with Russia.

Export of meat and sausage, totaling approximately USD 300 million, exceeded last year's figures, and so did export of fish products with USD 85 million. However, sugar supplies decreased. Interestingly, the deliveries of tires in value terms went up by 8.6% year-on-year in January-April and by 138% in volume terms, i.e. prices of Belarusian-made tires in Russia more than halved.

Forecast

The strategic nature of the alliance guarantees that benefits of engagement between Russia and Belarus will not shrink in some domains. At the same time, Russia proves to be faster in developing compensation mechanisms.

After two years of relative normalization, two-way trade demonstrates that Belarus, having left the crisis without resolving structural problems, has seen its strategic position in the Russian market deteriorate, while Russian business has benefited from the crisis to adapt.

It is highly unlikely that the resolution of the dairy dispute (even on the most favorable terms for Belarus) will eliminate this difference. Russian companies will continue to build their dominance in their own and neighboring markets. Attempts by the Belarusian side to strengthen the role of the Standing Committee of the Union State in resolving bilateral disputes will at best be of no use.

Relationship with the European Union

+35



Resulting index: +35

Positive points: +35

Negative points: 0

0

Trends

1. Intensification of contacts on a broad range of topics and at various levels, including at the top level, continues.
2. Regional and international security occupies an increasingly important place in political discussions between Belarus and the EU.
3. Bilateral commodity trade keeps showing a positive dynamic, although the growth rate has slightly decreased compared with March and April 2018.

Events and developments

In May and June, the Belarus-EU framework was filled with events of virtually any political level and scope. This is evidenced by the highest relationship index ever.

On May 29, President Lukashenka had a telephone conversation with Federal Chancellor of Austria Sebastian Kurz (initiated by the Austrian side). A wide range of issues on the bilateral and regional agenda was addressed, including the results of the Minsk Dialogue Forum *Eastern Europe: In Search of Security for All!*. Kurz invited the Belarusian president to visit Austria. The visit is expected to take place in the second half of this year. Lukashenka, for his part, invited the head of the Austrian government to come to Belarus, accompanied by representatives of the Austrian business community.

On May 31-June 1, Belarusian Foreign Minister Uladzimir Makiej visited Brussels at the invitation of Deputy Prime Minister and Minister of Foreign Affairs and European Affairs Didier Reynders. That was the first bilateral visit by a foreign minister of Belarus to Belgium since 1995, which became a return visit following a visit of the Belgian minister to Minsk. The delegations of the two countries reviewed the bilateral relationship and discussed various issues of modern international relations and security, the engagement between Belarus and the EU, as well as prospects of cooperation within the framework of international organizations. Specifically, Minsk officially informed Brussels about the decision to support Belgium's candidacy for a non-permanent seat on the United Nations Security Council for 2019-2020.

It is symbolic that on the eve of the visit, the Belarusian and Belgian aviation authorities agreed to increase the number of direct flights between the two countries – there will be up to five such flights on a weekly basis. Furthermore, agreement was reached on the commencement of cooperation in airfreight (with up to five freight flights a week for each

¹ Telephone conversation with the Federal Chancellor of Austria Sebastian Kurz, (http://president.gov.by/ru/news_ru/view/telefonnyj-razgovor-s-federalnym-kantslerom-avstrii-sebastianom-kurtsem-18815/)

side). In addition, Belarus has asked the Belgian authorities for their assistance in carrying out the Belarus-EU Economic Forum with the planned participation of the prime minister of Belarus in Antwerp in April 2019.

Part of the program of the visit to Brussels focused on negotiations in EU institutions. The Belarusian delegation met with High Representative of the European Union for Foreign Affairs and Security Policy Federica Mogherini and European Commissioner for European Neighborhood Policy and Enlargement Negotiations Johannes Hahn. The participants also reviewed the status of relations and discussed prospects of bilateral cooperation, as well as Belarus's participation in the Eastern Partnership initiative. In the follow-up of the talks, the press service of the Belarusian Foreign Ministry emphasized that the possible signing of the Partnership Priorities between Belarus and the EU is considered to be "the first step towards modernizing the contractual and legal framework for the relations and lending them a comprehensive status."²

Notably, during the visit to Brussels, Makiej also met with representatives of several major international media, including Wall Street Journal, Reuters, and Bloomberg.

Of all foreign visits by Deputy Foreign Minister Alieh Kraučanka, who is responsible for supervising the development of Belarus's relationship with the EU, one clearly stands out – his visit to Vilnius on June 5, where he met with his Lithuanian counterpart Darius Skusevičius. Amid tensions between the two countries due to the construction of the Belarusian Nuclear Power Plant, the station expectedly became the main focus of the negotiations. The parties' arguments remained unchanged, especially now that the Belarusian nuclear projects is officially one of Lithuania's key political priorities (in June 2017, the Lithuanian parliament passed a law declaring the Belarusian Nuclear Power Plant to be a threat to the country's national security).

However, the very fact of the meeting is significant, since after the quite intense bilateral political dialogue in previous years, recently political contacts between Minsk and Vilnius have been minimized. As noted in the previous issue of the Minsk Barometer review, this clearly contrasts with the situation in two-way trade, where a positive trend is observed. In this respect, the 14th Belarus-Lithuania Economic Forum in Viciebsk held on June 7-8 is quite indicative.

On June 21-22, Minsk played host to the 10th round of the Eastern Partnership informal ministerial dialogues. In addition to political discussions at the level of foreign ministers, the focus of the meeting was on digital markets, cybersecurity, broadband Internet development, and convergence of mobile roaming rates for the EaP countries.

Asked to sum up the results of the multilateral discussions in the format of ministerial dialogues, as well as bilateral negotiations with a delegation led by European Commissioner Hahn, Makiej voiced an opinion that over the last few years, Belarus and the EU made major progress, which "*significantly exceeds our 'achievements' in the previous 20 years.*"³ Moreover, in his opinion, this applies not only to the atmosphere of relations, but also to "*specific, substantial, tangible results.*"

President Lukashenka assessed the pace of the relations in a similar way during his meeting with Hahn. According to him, the relationship between Belarus and the EU reached a "*certain level of stability.*"⁴ During that meeting, the Belarusian president once again highlighted Minsk's priorities in its relations with the EU: "*Talks about democracy, freedom of speech, political prisoners, abolition of the death penalty – we do not remove these issues from the agenda,*

² On results of the visit of Minister of Foreign Affairs Uladzimir Makiej to the Kingdom of Belgium (http://mfa.gov.by/press/news_mfa/c5e345bae4afb830.html)

³ Verbatim report of the press conference of the Minister of Foreign Affairs of Belarus Uladzimir Makiej following the 10th round of the EaP informal ministerial dialogues (http://mfa.gov.by/press/news_mfa/c22d52c2aeacda67.html)

⁴ Meeting with European Commissioner for European Neighborhood Policy and Enlargement Negotiations Johannes Hahn (http://president.gov.by/ru/news_ru/view/vstrecha-s-evrokommisarom-po-evropejskoj-politike-sosedstva-i-peregovorom-o-rasshirenii-es-joxannesom-xanom-18968/)

we are saying this in a bold and open way. However, the foundation is our trade and economic, financial relations. If we see this in our relations with the EU, we can be even bolder in our pursuit of transformation, and reform of our political system.” At the same time, Lukashenka stressed that Minsk still does not see proportional progress towards Belarus from the EU: *“we will insist that the European Union be exactly as open to us, as we are open to you.”*

Hahn, for his part, also emphasized that *“in the past few years, we managed to build mutually trustful relations.”*

The visits of the Austrian and German federal presidents to Minsk to participate in the June 29 meeting dedicated to the memory of Nazi victims at the former Trascianiec death camp was perhaps the most high-profile event of the period under review. Among the distinguished foreign guests from the EU attending the meeting was the state secretary of the Office of the President of Poland and the deputy chairman of the Chamber of Deputies of the Parliament of the Czech Republic.

On the same day, Lukashenka held bilateral meetings with his counterparts from Austria and Germany. President of Austria Alexander Van der Bellen became the first Austrian head of state to visit Belarus. During the meeting, regional security issues were in the focus, as Minsk and Vienna share lots of general assessments and approaches. The Belarusian president also expressed his gratitude for Austria’s role in the process of the normalization of relations between Belarus and the EU.

During his bilateral meeting with Federal President of Germany Frank-Walter Steinmeier, Lukashenko also expressed appreciation for Berlin’s position on the normalization of the relations between Belarus and the EU. He conveyed his best wishes to Angela Merkel and stressed that the Belarusian side had complied with everything that Merkel spoke about when communicating with Lukashenka on the sidelines of the Normandy Four meeting in February 2015. For obvious reasons, during that meeting, a special emphasis was placed on the matters of historical memory.

According to Belstat,⁵ trade between Belarus and the economies of the European Union amounted to USD 7.332 billion in January-May 2018 (up by 37.6% year-on-year). Belarusian export amounted to USD 4.436 billion, which represents an increase by 52.5% from January-May 2017. Import from the EU countries amounted to USD 2.896 billion (up by 19.6% year-on-year). The surplus of Belarus’s trade with the countries of the European Union came to USD 1.54 billion.

Forecast

The months of July and August are traditionally the two least active months for diplomacy, as they coincide with the period of summer holidays. For this reason, one can expect an uneventful period in the relationship between Belarus and the EU. However, the publication in early July of a Peer Review Report of the EU Stress Test in Belarus by the European Nuclear Safety Regulators Group (ENSREG) will have significant consequences for further discussion between Minsk and Brussels with respect to nuclear security, as well as other issues on the bilateral agenda. These include the prospects of the signing of the Partnership Priorities, which is largely blocked by Lithuania’s position due to the disagreement over the Belarusian Nuclear Power Plant project.

⁵ Belarus’s commodity trade balance (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

+31



Resulting index: +31

Positive points: +31

Negative points: 0

0

Trends

1. Credit and project cooperation continues, with financial ties gaining new momentum.
2. A search for new forms and instruments of financing for the construction of the China-Belarus Industrial Park (CBIP) infrastructure is underway.

Events and developments

The preparation and holding of Aliaksandr Lukashenka's working visit to China to participate in a SCO summit in Qingdao on 9-10 June and meet with Chinese President Xi Jinping became the landmark events of the period. In the run-up to the summit, meetings with the Chinese Vice President Wang Qishan took place in Minsk on 27-28 May, while Belarus's Foreign Minister Uladzimir Makiej, Economy Minister Uladzimir Zinoŭski, Finance Minister Uladzimir Amaryn, Presidential Administration Deputy Head Mikalaj Snapkoŭ, and Customs Committee Head Jury Sianko paid a visit to China.

During the visit, the parties signed a package of agreements: on a visa free regime; on the provision of China's technical and economic aid¹ (RMB 800 million, or about USD 120 million); on the provision of a preferential government loan for the agro-industrial sector to be used for implementing the second phase of the project involving setting up fully integrated high-technology agro-industrial production² (RMB 2,540 million, or about USD 383 million); on the assembly of electric vehicles (JV CJSC UNISON - ZOTYE International Automobile Trading Co., Ltd., USD 560 million); on medical equipment (LADA OMS - China Sinopharm International Corp., USD 94 million); on the supply of powdered milk (CJSC Meat and Milk Company – COFCO Group, up to USD 30 million) and poultry meat (JSC Agrokombinat Dzierżyński – Chongqing Valosha Trading Co. Ltd., up to USD 5 million) to China. The opening of a China Development Bank representative office in Minsk was also announced as part of the visit.

On 4 May, at a press conference arranged for the Chinese mass media, Council of the Republic Chairman Mikhail Miasnikovič explained the stance of the Belarusian side on joint efforts with China. According to him, cooperation with China is a key priority of Belarusian foreign policy. He also highlighted the necessity for aligning development goals and stepping up direct Chinese investments in joint projects, along with the importance of moving from commerce towards large-scale investment cooperation. Besides, Miasnikovič spoke about the establishment of joint ventures and Belarus's potential cooperation with the Silk Road Fund and the China-Eurasia Fund.

1 Agreement between the Government of the Republic of Belarus and the Government of the People's Republic of China on Technical and Economic Aid (<http://pravo.by/document/?guid=12551&p0=I01800032&p1=1&p5=0>)

2 Resolution of the Council of Ministers of the Republic of Belarus No. 440 of 08 June 2018 (<http://pravo.by/document/?guid=12551&p0=C21800440&p1=1&p5=0>)

Another remarkable development is Lukashenka's meeting with CITIC Group President Wang Jiong in May, which resulted in the Chinese company gaining a special status in Belarus. The fact that CITIC Group has firmly established itself in Belarus is evidenced by further meetings in the Council of Ministers, where CITIC received an offer to replace the previous general contractor in the troubled Dobruš cardboard plant project, and to acquire a bank in Belarus. An extensive and detailed mass media coverage of CITIC's projects implemented jointly with JSC Amkodor serves as further proof of that. As part of CITIC Group President's visit, the China-Belarus Investment Fund³ (CITIC Construction – 60%, JSC SB Belarusbank – 40%, authorized fund – USD 1 million, initial capital - USD 50 million) was established. Wang Jiong stated that the company was willing to develop its business in Belarus in new areas as well, including in finance and agriculture.

The period under review saw financial cooperation gaining pace. In addition to the creation of the China-Belarus Investment Fund, the Belarusian side signed an agreement with China Chengxin International Credit Rating on the assignment of a credit rating – a step required for it to enter the Chinese financial market with state bonds later this year or early next year.

Great Stone CBIP

- Over the monitored period, three more companies joined the industrial park's residents, including:
- LLC Citam Intelligence Equipment (robotics);
- JSC Belgosprojekt Institute (a joint design hub of JSC Belgosprojekt Institute and Beijing Jian Yi Investment Development (Group) Co.);
- LLC Tsfirograd Jianyi (big data in construction).

On 11 May, during the celebration of the Park's Day, CBIP Administration Head Aliaksandr Jarašenka reported that ten residents were set to start production, and about twenty more might start building their facilities before year-end. The Park's Administration expects total investments (residents and infrastructure) to reach USD 0.5 billion by the end of 2018. At the moment, financial injections exceed USD 300 million.

The effort made in May and June to attract financing for infrastructure construction resulted primarily in meetings with Alain Pilloux, Vice-President of the European Bank for Reconstruction and Development, and representatives of the International Finance Corporation. Those meetings helped take another step on the way to finding missing finance needed for CBIP construction. Alain Pilloux mentioned provision of loans to residents and EBRD's shareholdings in resident companies as possible cooperation options. He also invited CBIP to make a presentation at a new venue arranged by the German Committee on Eastern European Economic Relations. Certain progress was achieved in China, with another CBIP presentation held in Shenzhen and an agreement for strategic cooperation signed between the Industrial Park Development Company and the Shanghai Stock Exchange.

In early July, CBIP Development Company received technical and economic aid for the construction of the China-Belarus Cooperation Centre for Transformation of R&D Achievements in CBIP's territory (RMB 168.95 million, or about USD 25.5 million) under an intergovernmental agreement. The projects to be implemented under a similar financing scheme include CBIP's rental housing estate (RMB 127.17 million, or about USD 19 million). At the moment, China's technical and economic aid, combined with the funds of the Development Company and the residents, remains the main source of financing for the park's infrastructure construction.

Systemic efforts aimed at developing CBIP's logistics activities led to the signing of an agreement for cooperation between the Latvian Ministry of Transport and CBIP Development Company.

³ Decree of the President of the Republic of Belarus No. 163 of 08 May 2018 "On the China-Belarus Investment Fund" (<http://pravo.by/document/?guid=12551&p0=P31800163&p1=1&p5=0>)

Other Projects

Besides CITIC Group, another company showing significant business activity was China Merchants Group, whose CEO met with Andrej Kabiakoŭ in late May. Just as CITIC, China Merchants Group is set to diversify its business in Belarus. The company may emerge as another channel for exporting Belarusian agricultural products to China. In addition to a successful logistics project in CBIP, China Merchants is ready to invest in the park's infrastructure by constructing a shopping and exhibition centre. Last year, the company announced the establishment of an investment industrial fund (USD 575 million) for projects to be implemented in Belarus.

As part of Lukashenka's visit to China on 9-10 June, arrangements were made concerning the construction of a national football stadium and a swimming pool conforming to international standards using China's technical and economic aid. Remarkably, site preparation has already been initiated by Decree of the President of the Republic of Belarus No. 224 of 7 June 2018.⁴ Apart from that, China's technical and economic aid will cover construction costs for 1,850 municipal apartments and the cost of the implementation of the second stage of a housing project in Mahilioŭ.

Forecast

Provided that the requirements of the Chinese side are met, and the right strategy is chosen, export of Belarusian products to China is likely to go up while showing greater diversification (sugar, baby food, other dairy products, etc.). However, in Resolution of the Council of Ministers No. 475 of 21 June 2018⁵, adopted to adjust the annual target export supplies to China in 2017–2020, commodity export indicators were revised downwards. The total volume still remains unchanged due to a significant increment in service export, contrary to the current rhetoric.

It would be possible to achieve the announced expansion of container transportation from China to Europe if sufficient funds were raised to arrange for the revamping of the existing infrastructure or construction of a new one.

The search of finance and markets for future products will probably remain on CBIP's agenda for quite a long time. Securing cooperation with international financial organizations and funds may help reduce the shortage of funds required to finance the park. This, in its turn, will aid in finding investors and residents.

⁴ Decree of the President of the Republic of Belarus No. 224 of 07 June 2018 "On Preparation of Territories" (<http://pravo.by/document/?guid=12551&p0=P31800224&p1=1&p5=0>)

⁵ Resolution of the Council of Ministers of the Republic of Belarus No. 475 of 21 June 2018 (http://pravo.by/upload/docs/op/C21800475_1529960400.pdf)

Relationship with the U.S.

Resulting index: +1

Positive points: +5

Negative points: -4

+5

-4

Trends

1. The momentum of the previous phase of the relationship comes into conflict with the actual status of engagement, which impedes the normalization process.
2. Improvements in the bilateral relationship are of a non-public nature and best manifested in areas of common interest: trade, technology, and security.

Events and developments

The months of May and June were less eventful in the Belarus-U.S. relationship compared with the previous period under review. Nevertheless, some developments should be highlighted that produced a strong impact on bilateral cooperation and the overall atmosphere of the relationship.

On May 4, an InfoUSA space was unveiled at the Mahilioŭ branch of the Republican Scientific Technical Library. It became the 11th InfoUSA space in Belarus. The U.S. Embassy supplied to the library equipment for the MakerSpace creative space, as well as books and other materials on cultural diversity in the United States. At InfoUSA, students will benefit from the innovative laboratory, visit cultural events, watch movies, and have online webinar training for teachers of English. According to Chargé d'affaires Robert Riley, 11 centers opened as part of the project, including InfoUSAs in Mahilioŭ, Baranavičy, Barysaŭ, Brest, Homiel, Hrodna, Minsk, Maladziečna, Pinsk, Polack, and Viciebsk, and some USD 1 million was invested.¹

On June 1, Chairman of the State Committee on Science and Technology Aliaksandr Šumilin met with U.S. Chargé d'affaires Robert Riley.² The meeting addressed the prospects of scientific, technical, and innovative cooperation between Belarus and the U.S.; agreement was reached that the parties would explore possibilities for cooperation in high technologies at the expert level and implement joint scientific, technical, and innovative projects, including in medicine and medical equipment, intellectual property protection, and organization of technology transfer and commercialization. Minsk and Washington will further analyze possibilities for interaction in the matter of support for innovative entrepreneurship and youth start-up movement, promotion of innovation infrastructure entities, and establishment of a venture capital investment system.

On 28 June, another important meeting was held, which was overlooked by the Belarusian media, but nonetheless clearly demonstrated the level of normalization achieved by the two countries. A retired United States Army general – Lieutenant General Ben Hodges, who served as commanding general, United States Army Europe (USAREUR) from 2014 to 2017 – visited the Belarusian Embassy in Washington for the first time in the history of the bilateral

¹ Mahilioŭ opens an InfoUSA space (<https://belapan.by/archive/2018/05/04/954743/>)

² Belarus, U.S. discuss prospects of scientific, technical, and innovative cooperation (<https://belapan.by/archive/2018/06/01/958856/>)

relationship.³ At the Embassy, he met with Belarus Chargé d'affaires in the United States Paviel Šydloŭski and the Belarusian defense attaché Uladzimir Kuprykaŭ. The Jamestown Foundation, which previously contributed to the establishment of informal contacts between Minsk and Washington, became the mediator.

It can be assumed that following the resignation of Deputy Assistant Secretary of Defense Michael Carpenter, who made a significant contribution to improving the relationship with Belarus, Minsk is interested in establishing new contacts amongst security officials who are more pragmatic in the matter of normalizing bilateral relations compared to their counterparts from the Department of State. Retired General Hodges may prove to be a suitable figure – he is a respected authority in the American establishment who shares moderate views with respect to the conflict with Russia. For example, in an article for Politico dated June 4, he spoke against U.S. military bases in Poland, as the move could trigger Russia's response and entail further militarization of the region.⁴ This position of Hodges' corresponds to the interests of Belarus in the sphere of defense and security.

On June 5, Assistant Secretary of State for European and Eurasian Affairs Wess Mitchell presented the report *The Transatlantic Bond: Preserving the West*, where he outlined Donald Trump's strategy on Europe.⁵

There is no direct mention of Belarus in the report. At the same time, the following statement referring to countries located on the eastern border of NATO and the EU applies to Belarus: *"We are working to engage with the vulnerable states on the eastern frontier of NATO and the EU that face growing pressure from Russia and enticements from China. As outlined in the National Security Strategy, our main task here in to compete for positive influence. (...) We have to strengthen our ties with and provide viable alternatives to vulnerable states to keep them in the orbit of the West, or expect to lose them. Criticism alone is not a strategy. Criticism bereft of engagement is a recipe for estrangement. Engagement is not just diplomatic, it is also about winning hearts and minds of people for whom the memory of 1989 and NATO enlargement is increasingly distant."*

During the period under analysis, there were several developments that should be marked with the negative sign.

On June 9, U.S. President Donald Trump extended for another year sanctions against a number of Belarusian citizens and government members. Sanctions were originally introduced after the March 2006 presidential election in Belarus, as in Washington's opinion, actions and policies of certain members of the government of Belarus and other persons undermine democratic processes or institutions of Belarus. According to the applicable legislation, sanctions are extended if there is "unusual and extraordinary threat to the national security and foreign policy of the United States."⁶ Sanctions with respect to Belarus are therefore extended until 16 June 2019.

At the same time, after the 2015 presidential election in Belarus, the U.S. suspended economic sanctions slapped on Belarusian companies. The decision on sanctions relief is renewed every six months.

The response of the Belarusian Foreign Ministry to the extension of the sanctions was negative, but rather restrained. Deputy Head of the Department of Information and Digital Diplomacy Andrej Šupliak said: *"Since then [2006] Belarus-United States relations have changed significantly, but it is obvious that when it comes to certain matters unfortunately Washington still fails to review its outdated position towards Belarus."* According to him, *"the decision taken by the American side does not reflect the actual situation in the relationship between Belarus and the United States currently engaged in a dialogue discussing matters of mutual interest, as well as reciprocal*

3 Jamestown Foundation Twitter (<https://twitter.com/JamestownTweets/status/1012762891580256256>)

4 Ben Hodges, Don't put US bases in Poland (<https://www.politico.eu/article/dont-put-us-bases-in-poland/>)

5 The Transatlantic Bond: Preserving the West (<https://www.heritage.org/europe/event/the-transatlantic-bond-preserving-the-west>)

6 U.S. extends sanctions against Belarusian officials (<https://belapan.by/archive/2018/06/09/960072/>)

*concern.*⁷ He also noted that the Belarusian side was interested in continuing constructive engagement with the United States.

On June 28, the U.S. Department of State issued an annual report on trafficking in persons.⁸ The report notes that the Government of Belarus does not fully meet the minimum standards for the elimination of trafficking and is not making significant efforts to do so. In addition, the report indicates that the government maintained policies that actively compelled the forced labor of its citizens, including civil servants, students, part-time workers, and the unemployed, citizens suffering from drug or alcohol dependency, and, at times, critics of the government, among others. The Foreign Ministry of Belarus chose not to comment on the findings of that report.

On May 30, the U.S. Department of State issued an annual report on the situation with religious freedom in the world. The report notes that religious communities in Belarus continue to have difficulty with registration. In the section covering Belarus, the special status of the Belarusian Orthodox Church is emphasized. It is given the rights and privileges that other religious groups do not have, although the law recognizes the historical importance of the “traditional” denominations – Catholicism, Judaism, Islam, and Lutheranism.

The document quotes human rights groups, according to which BOC and Roman Catholic clergy had access to prisoners of their faiths, whereas Muslim, Protestant, and clergy from nontraditional faiths did not. The report says that Protestant and other minority religious groups continued to have difficulties obtaining buildings to use as houses of worship.⁹

On May 27, it became clear from an interview with First Deputy Prime Minister Vasil Maciušeŭski in “On Air” show on Belarus 1 TV Channel that Belarus was having difficulties in its World Trade Organization (WTO) accession campaign, including those associated with the U.S. *“In the near future, we will probably align our position with all major players except the United States. It has its own special position, which we will further specify and clarify,”* Maciušeŭski said.¹⁰

Earlier, on May 15, the 10th meeting of the World Trade Organization’s Working Party on the Accession of Belarus took place in Geneva. Representatives of the EU, Canada, Russia, Armenia, Kyrgyzstan, Kazakhstan, Tajikistan, China, Vietnam, India, New Zealand, Australia, Brazil, Mexico, Ukraine, Switzerland, Norway, Turkey, Japan, Republic of Korea, El Salvador, Ecuador, Cuba, Guatemala, Georgia, Moldova and other countries in their speeches commended the steps taken by the Belarusian government to accede to the WTO, and noted significant progress in upgrading Belarus’s legislation to the WTO rules.

Forecast

The second half of summer will traditionally see fewer developments in the bilateral framework due to summer vacations. Nevertheless, gradual normalization of relations will continue, as both countries are interested in stable engagements, at least in some areas.

In the near future, the new U.S. Chargé d’affaires in Belarus will take office. Other staff members of the U.S. diplomatic mission will change as well. Key persons in the Department of State responsible for the Belarus dimension will be replaced: the deputy assistant secretary of state for European and Eurasian affairs and director of the Eastern European affairs office will retire. This may give an additional impetus to bilateral relations or shift some priorities in engagement.

7 Answer of Deputy Head of the Department of Information and Digital Diplomacy Andrej Šupliak to a BelTA question (http://mfa.gov.by/press/news_mfa/fb6ef9f3b19a6ecd.html)

8 2018 Trafficking in Persons Report (<https://www.state.gov/j/tip/rls/tiprpt/>)

9 International Religious Freedom Report for 2017 (<https://www.state.gov/j/drl/rls/irf/religiousfreedom/#wrapper>)

10 Belarus will soon align its position on WTO accession with all of the main member, except the U.S. (<https://belapan.by/archive/2018/05/27/957918/>)

Relationship with Ukraine



Trends

1. A positive dynamic is observed in non-political areas and at the technical cooperation level.
2. The commencement of the electoral process in Ukraine is gradually undermining the political background of the bilateral relations.

Events and developments

Politics

No contacts at the top level took place in May and June, which is not typical of the Belarus-Ukraine relationship. Meanwhile, the two presidents, numerous politicians and government officials made certain statements indicative of the dialogue level and affecting future development of the bilateral relations.

At a meeting with border guards, Aliaksandr Lukashenka stated that he sees no problem in Ukraine joining NATO: *“Perhaps one day we will be happy that Ukraine is a NATO member”*. Despite the equivocal nature of that statement, it was positively received by the Ukrainian mass media, just as the president’s comment of June 24 (*“we are at the battlefield”*²) intended for his fellow citizens.

On the other hand, Lukashenka’s statement made at Minsk Dialogue Forum “Eastern Europe: In Search of Security for All” concerning peacemakers and the wish to defuse the internal conflict as soon as possible, raised some controversy, as both the national composition of the possible peacekeeping mission and the implementation priority of the Minsk agreements are matters of dispute in Ukrainian politics, especially during the pre-election period³.

In May and June, Lukashenka made some general comments with respect to Ukraine. His counterpart Petro Poroshenko also refrained from bold statements, yet presented new samples of machinery mounted on Minsk Wheel Tractor Plant’s chassis⁴. Taking into account Belarus’s official announcement of a halt in the military and technical cooperation with Ukraine (which was partly true for the enterprises run by the State Military and Industrial Committee only), an official presentation of the Minsk Wheel Tractor Plant’s products may be

1 Lukashenka’s meeting with border guards (<http://www.belta.by/president/view/lukashenko-vidit-glavnuju-ugrozu-miru-v-stolknovenii-krupnyh-derzhav-305158-2018/>)

2 An overview of Lukashenka’s working visit to Škloŭ District (https://www.youtube.com/watch?time_continue=457&v=YHjoqgyeivg)

3 Lukashenka’s address at an expert discussion (<http://www.belta.by/president/view/lukashenko-belarus-ne-rvetsja-v-mirotvortsy-no-konflikt-v-ukraine-nuzhno-likvidirovat-kak-mozhno-ranshe-303970-2018/>)

4 Presentation of machines assembled at Scientific and Production Complex Iskra on P. Poroshenko’s official FB page (<https://www.facebook.com/petroporoshenko/videos/1307177352749987>)

indicative of cooperation programs getting to a whole new level, where denying the obvious is absolutely unreasonable.

The so-called “spy scandal” stands out among less important, but still meaningful events. Reports of Pavlo Sharoiko’s conviction on 23 May predictably caused negative feedback. Negativity surrounding such news was (at least for the Ukrainian side) partly mitigated by Belarusian KGB chief’s comment concerning the possibility of exchange⁵.

Positive political signals undoubtedly include the sending of a humanitarian convoy to Donbas. This event got coverage and positive feedback from the local mass media⁶, along with gratitude expressed on behalf of the state by a representative of the Ukrainian Foreign Ministry⁷. Another occasion on which thanks was extended to the Belarusian side, this time from the Ukrainian Healthcare Ministry, was in connection with assistance in saving the lives of children who got into an accident near Kamianiec⁸.

Important progress was made in the area of border demarcation at the 17th session of the joint committee held in Lutsk: the parties agreed to complete demarcation before 2026⁹.

Just as we predicted in the Barometer’s previous issue, the controversy around the seizure of property held by the Ukrainian oligarch Boguslaev did not add any negativity to the two-way relationship. The Ukrainian authorities shrugged off the seizure of the Motor Sich CEO’s aircraft, along with the attempts to get Orša Aircraft Repair Plant back under the Belarusian state control. This is due to the fact that an investigation by the Security Service is underway in Ukraine with respect to attempted sale of Motor Sich to Chinese companies and moving of the production facilities and technical documents to China. The public response is neutral as well, due to the fact that many Ukrainians dislike Boguslaev.

Meanwhile, negative developments and signals could by no means be evaded.

1. A statement by the Ukrainian Defence Ministry’s Main Directorate of Intelligence that the military see Belarus as a possible staging area for a Russian attack¹⁰.
2. Ukrainian Deputy Foreign Minister’s warning of possible dangers awaiting the citizens of his country travelling to Belarus due to Russian “black lists”¹¹.

The first statement is a typical one for the Ukrainian military, who are set to find danger everywhere, and whose exaggerated talk during the summer aims to influence preparation of the budget for the next year. The reason behind it is that (in the opinion of the Defence Ministry employees) the army continuously lacks financing even under conditions of war.

The second one is backed by solid grounds, and the Ukrainian side might resort to it time after time, until Belarus delivers a rebuttal or sets up an exclusion mechanism for the citizens of Ukraine with respect to checking against the lists of wanted and dangerous persons.

5 Belarus may exchange Sharoiko for policy (<https://naviny.by/new/20180530/1527678339-vakulchik-ne-isklyuchil-chto-belarus-i-ukraina-obmenyayutsya-shpionami>)

6 Belarus sends a humanitarian convoy (<https://www.rbc.ua/ukr/news/belarus-otpravila-gumanitarnuyu-pomoshch-1528797784.html>)

7 Ukrainian Foreign Ministry thanks Belarus for humanitarian aid (<http://www.belta.by/society/view/mid-ukrainy-poblagodaril-belarus-za-gumanitarnuju-pomosch-306536-2018/>)

8 Ukrainian Healthcare Ministry extends its thanks to Belarus for providing medical care to schoolchildren after the accident near Kamianiec (<http://www.belta.by/society/view/minzdrav-ukrainy-poblagodaril-belarus-za-pomosch-shkolnikam-posle-dtp-pod-kamentsem-303506-2018/>)

9 Belarus and Ukraine plan to complete border demarcation before 2026 (<http://www.belta.by/society/view/belarus-i-ukraina-planirujut-provesti-demarkatsiju-granitsy-do-2026-goda-308577-2018/>)

10 Intelligence makes a bold statement concerning Belarus and the Kremlin (https://www.dialog.ua/ukraine/154889_1530166548)

11 Belarus is Russia’s ally (<https://www.obozrevatel.com/politics/belarus-soyuznik-rossii-mid-predupredil-ukraintsev-ob-opasnosti.htm>)

Noteworthy local events include the signing of a cooperation agreement between the Homiel and Chernihiv Regions¹², meaning that the trends started in early 2018 still continue.

Economy

In May and June, MAZ entered into two major contracts in Ukraine: for the supply of 100 and 40 buses to Lviv¹³ and Zhytomyr¹⁴, respectively.

Other events, more significant in terms of potential influence on further developments, took place over the monitored period:

1. The first session of the Belarusian Academy of Sciences, the Ukrainian Academy of Sciences and Yuzhnoye Design Office Coordination Committee was held for the purpose of implementing the General Agreement on science and technology cooperation in space exploration concluded in late 2017¹⁵.
2. It was reported that Belarusian Shipping Corporation intends to buy two Dnipro-Max tug vessels and general cargo vessels¹⁶. This is indicative of the intent to proceed with the implementation of the project involving cargo transit on the Dnieper River and the formation of specific logistics chains for the supply of Belarusian products to the neighboring country and beyond via Black Sea ports.
3. Belarusian companies continue to gain a foothold in the Ukraine's oil and gas industry. The first well for DTEK Oil&Gas was drilled¹⁷; Belorusneft won a major hydraulic fracturing contract with UkrGasVydobuvannya¹⁸. Taking into account the size of hydrocarbon reserves in Ukraine and the effort aimed at stepping up exploration and production, the presence of Belarusian businesses in the services market is justified in terms of both economic and political interests.
4. Reports were coming of the Ukrainian Cereres Group intending to invest up to USD 70 million in a project to be implemented jointly with the Sianno District agricultural service company¹⁹.

Still, several alarming signals are observed in the economic sphere. In particular, the project involving transportation of diesel fuel for Ukrainian consumers with unloading in Kyiv was put on hold²⁰. The delay is justified by failure to complete vessel preparation works.

Negative developments include the information campaign held by Ukrcement association and complaints filed by it to the Ukrainian Antimonopoly Committee with respect to unfair competition, which resulted in an antimonopoly investigation started as early as July 2018.

12 Homiel and Chernihiv Regions sign a cooperation agreement (<http://www.belta.by/regions/view/gomelskaja-i-chernigovskaja-oblasti-podpisali-soglashenie-o-sotrudnichestve-304239-2018/>)

13 MAZ to supply 100 buses to Lviv (<http://www.autoconsulting.com.ua/article.php?sid=41662>)

14 MAZ to supply 40 buses to Zhytomyr (<http://www.belta.by/economics/view/maz-postavit-v-zhitomir-40-avtobus-ov-299741-2018/>)

15 The first session of the Belarusian Academy of Sciences and Yuzhnoye Design Office joint committee: <https://itc.ua/news/ukraina-i-belarus-obyavili-o-sotrudnichestve-v-kosmicheskoy-sfere-issledovatel'skiy-zond-razrabotka-novyih-splavov-i-osvoenie-lunyi/>

16 Belarus to purchase additional vessels for cargo transportation on the Dnieper: https://cfts.org.ua/news/2018/05/20/belarus_zakupit_dopolnitelnyy_flot_dlya_perevozok_gruzov_po_rekam_ukrainy_47342

17 DTEK Oil&Gas completes drilling of a new deep well: <https://delo.ua/business/dtek-neftegaz-zavershil-burenie-novoj-klubokoj-skvazhiny-343396/>

18 Information concerning UkrGasVydobuvannya tenders in the Prozorro system: <https://prozorro.gov.ua/tender/UA-2018-02-15-002423-c>

19 Cereras Group investment project in the Sianno District: <http://www.belta.by/regions/view/ukrainskij-investor-nameren-realizovat-krupnyj-selhozproekt-v-sennenskom-rajone-303470-2018/>

20 Belarus puts off the pilot project involving diesel fuel transportation to Ukraine on the Dnieper until autumn (<https://www.interfax.by/news/belarus/1243178>)

An arguably negative signal in between economy and the media is the inclusion of two Belarusian companies in the sanctions list approved by Decree of the President of Ukraine No. 126/2018²¹. These are alcohol producers who manufactured branded spirits for sale in the unrecognized LPR and DPR. From the economic perspective, the restrictions imposed on two small companies do not pose a threat; still, potential media risks are high, especially amid the start of the election campaign in Ukraine.

The reports which are still difficult to put on the positive-negative scale, include another attempt by the Belarusian side to buy Sberbank's Ukraine subsidiary. On the one hand, it is a potentially large-scale business project capable of securing, among other matters, further promotion of Belarusian goods in the neighboring country's market (by means of export loans). On the other hand, taking into account the attitude of the public and the authorities to Sberbank of Russia, along with the apprehension towards the Belarusian buyers of such an asset, this circumstance might be used as a tool in information campaigns against Belarus.

Media

The Ukrainian performer participating in the Eurovision Song Contest as a representative of Belarus did not live up to the expectations of the public, both due to the level of his performance at the contest, and to the fact that the Ukrainians are losing interest in Eurovision. However, as mentioned above, the sending of a humanitarian convoy, the provision of medical assistance to children who got into an accident, and Lukashenka's statements may be interpreted as positive newsworthy events enhancing Belarus's image.

Negative developments include the escalation of the "Belarusian threat" dialogue and the creation of mass media background facilitating the attempts of the Ukrainian manufacturers to protect their market share.

Forecast

The events taking place in May and June provide the grounds to assume that important developments in economic relations and science and technology cooperation could take place over the next 5-6 months.

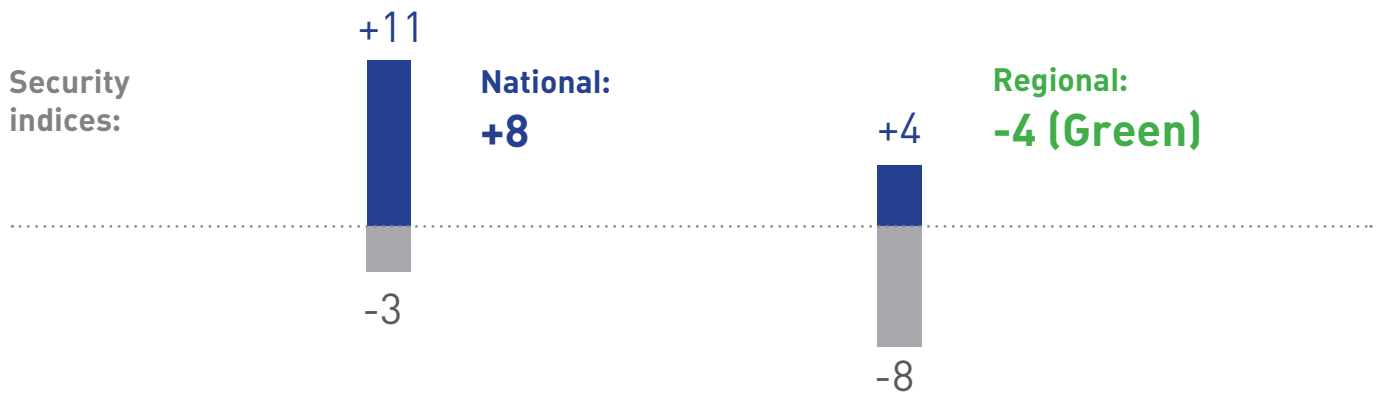
In the political sphere, resolution of the "spy crisis" could be expected as early as late 2018. Nevertheless, several events took place requiring a reaction from Belarusian diplomats. The issues of "trade with the terrorists from L/DPR", "unfair competition", and "military threat from the north" will be brought up increasingly often. This makes sense both for external actors (seeking to curb Minsk-Kyiv cooperation) and internal actors having their own reasons associated with political struggle.

Still, further expansion of liaisons at the regional level is to be expected (with representatives of both states emphasizing their plans in that area), along with the penetration of Belarusian businesses to the Ukrainian market, including that financial, regardless of the possible Sberbank transaction outcomes.

21 Decree of the President of Ukraine (<http://www.president.gov.ua/documents/1262018-24150>)



Security Barometer: status of national and regional security



Trends

1. Minsk continues cautious step-by-step restructuring of the army to meet the needs of its own, which was exemplified by decisions made after a presidential meeting following the spring inspection of the armed forces. The reform is based on conclusions drawn in the follow-up of the performance evaluation in the course of army exercises, which attests to the intensity of actions taken.
2. The Belarusian leadership seeks to build up its own defense capacity through domestic manufacturing of high-priority types of weapons and equipment, such as strike drones and the Polonaise multiple launch rocket system further tested in Kazakhstan.
3. The government pursues a multi-vector security policy to the extent possible. The participation of the Defense Ministry in the SCO summit, joint exercises with Kazakhstan, ongoing cooperation with NATO, and implementation of the CFE Treaty provisions testify to this. Belarus's aspiration to maintain neutrality is also gaining recognition, as evidenced by the invitation of Belarusian observers to army exercises in Lithuania and Estonia.
4. A number of exercises were held in the region, including those with some risky elements. In general, the sides of the confrontation have been acting in a low key manner, which is evident both from the rhetoric of the NATO secretary general, and Lavrov's statement made in Minsk, as well as the intention of the Western European NATO members to stop building up forces in the region and focus on less provocative measures (for example, a communications upgrade).

1. National security

Defense policy

President Lukashenka was critical about the situation in the region. *“Force confrontation is being fomented, including directly at the frontiers of Belarus,”* he said. Foreign Minister Makiej said that although Belarus was not planning on deploying foreign military bases in its territory, Minsk might change its mind if Poland placed American troops in the country on a permanent basis.² The Defense Ministry said NATO’s strengthening at the borders of Belarus was considered a military risk, not a threat.³

On May 31, Lukashenko held a meeting to summarize the results of the spring inspection of the armed forces. He said considerable funds were allocated to maintain and rearm the army (in 2018, they increased by 13% from 2017) and promised to continue financing. The president demanded that the army’s capacity be properly used, including by ensuring mobilization readiness and training of troops, especially officers. According to Lukashenka, “many shortcomings were revealed” during the recent inspection. He also pointed to the growing number of episodes of harassment among servicemen last year.

After the meeting, Secretary of State of the Security Council Stanislau Zas told reporters that the analysis of the findings of the inspection was “profound and even tough.” He spoke about the composition of the inspection and actually outlined defense policy priorities. First, inspectors checked the alert units of the immediate reaction force – a new component set up in 2016, followed by checks of the operational readiness of reconnaissance units and air defense with respect to its capability to shoot down low-altitude targets, and, finally, capacity for the formation and deployment of an infantry brigade was looked into in order to assess mobilization preparedness.

Zas said that, in fact, delinquency in the armed forces was in decline, and explained that the surge in crimes reported last year was just an effect of redoubled efforts put forth by law enforcers.⁴

Indeed, the army’s official newspaper reported an increase in the number of inspections by military commandants’ offices acting on the instructions of military administration bodies. Over 80 inspections were carried out from November 2017 to April 2018 (there were 43 in 2016 and 40 in 2017).⁵

Certain changes in security policy were observed shortly. When visiting a frontier post in the Kobryn district on June 1, the president instructed to consider reinforcement of the border troops by transferring two or three thousand personnel from the army. According to Lukashenka, border guards are being trained better, and there were fewer episodes of hazing in the border troops.⁶ The country’s leadership began talking about reinforcing the border troops almost two years back.

1 Lukashenko: “Belarusian border troops safeguard regional and international security” (<http://www.belta.by/president/view/lukashenko-belorusskie-pogranichniki-stojat-na-strazhe-regionalnoj-i-mezhdunarodnoj-bezopasnosti-305254-2018/>)

2 Alastair Macdonald, Eyeing possible Polish U.S. base, Belarus says no Russian base, for now, June 1, 2018 <https://www.reuters.com/article/us-belarus-eu/eyeing-possible-polish-us-base-belarus-says-no-russian-base-for-now-idUSKCN1IW339>

3 Raŭkoŭ: “NATO presence near the borders of Belarus is regarded as a military risk, not a threat” 16 Nov 2015 <https://news.tut.by/politics/472866.html>

4 Aliaksandr Kholad, The President of the Republic of Belarus personally monitors military security, 1 Jun 2018 Issue No. 98 <https://vsr.mil.by/2018/06/01/voennaya-bezopasnost-na-kontrol-e-u-prezidenta-respubliki-belarus/>

5 Investigators of military commandants’ offices on a mission 2 Jun 2018 Issue No. 99 <https://vsr.mil.by/2018/06/02/doznavateli-voennyx-komendatur-v-poiske/>

6 Lukashenko proposes redistributing personnel from the army to the border troops (<https://news.tut.by/society/595105.html?crnd=22147>)

A new military doctrine was officially planned to be considered at a session of the Supreme State Council of the Belarus-Russia Union State scheduled for June 19. It was not, though, because the Russian defense minister did not show up in Minsk.

Equipment of the national army

It was announced in May that supplies of Belarusian made SKAT-S4 protective helmets to the army had begun.

A research conference on unmanned aerial vehicles was held in early June in Biaroza. According to the official communiqué, the program included a display of UAV prototypes, strike versions among them, assembled "mostly" from components of Belarusian manufacture. New Belarusian tactical UAVs armed with RPG-26 rocket-propelled grenade launchers to combat lightly armored vehicles were showcased. The final versions of the UAVs will be presented in autumn and added to the armory next year. Development priorities were announced following the conference: creation of long range and long flight time UAVs of various types and purposes, including strike models.⁷

Exercises

A joint command and staff exercise with Belarusian and Kazakh rocket troops and artillery was held on May 2-4 in Kazakhstan. Units of the 465th guided missile and 336th rocket artillery brigades used Polonaise multiple launch rocket systems and Tochka tactical missile systems.

On June 5-7, a war-business game titled "Organization of National Defense by State Authorities and Bodies of Military Administration" took place at the Ministry of Defense. It involved officials of national and local government agencies and organizations.

In the first half of June, the Western Operational Command held a bipartite command and staff war game with the 6th and 11th detached infantry brigades. The military practiced management of troops engaged in combat operations.

In June, an operational exercise with the Signal Corps was conducted throughout the country. It involved over 1,600 servicemen and 500 pieces of military hardware. It was the final stage of the Signal Corps preparation for an upcoming national-scale command and staff exercise.

A command and staff exercise was held from May 23 to June 11 in the Biaroza territorial defense district of the Brest region. Territorial defense management in urban defense was in focus. A training session was organized for draft-age persons. A fire support company was formed and engaged in urban combat simulation for the first time in the history of the Belarusian army.⁸

On June 18-28, the Krasnodar Territory of Russia hosted the Belarusian-Serbian-Russian exercise Slavic Brotherhood-2018 supervised by Alexander Vyaznikov, Deputy Commander of the Russian Airborne Forces for Peacekeeping Operations and Collective Rapid Deployment Forces. Belarus delegated a battalion of the 103rd airborne brigade and officers assigned to the exercise headquarters. Taking part in the event were around a thousand servicemen mostly in a larger, regimental format.

Deployment of new units

Deployment of the newly formed 1146th anti-aircraft missile regiment armed with Tor-M2 air defense systems was officially completed on the Lithuanian border on June 1. By the end of summer, the regiment will take up duty securing the Belarusian nuclear power plant.

⁷ Lieutenant Colonel Alexander Politayev, Air Talisman 9 Jun 2018 Issue No. 104 (<https://vsr.mil.by/2018/06/09/vozdushnyj-talisman/>)

⁸ Battle for small motherland 26 Jun 2018 Issue No. 115 <https://vsr.mil.by/2018/06/26/bitva-za-maluyu-rodinu/>

International contacts

On May 14-18, a delegation headed by Chief of Intelligence of the Belarusian Special Operations Forces Jury Kirkievič took part in a training session for the airborne reconnaissance leadership in Ulyanovsk.

On May 14-16, a delegation of NATO Headquarters visited Belarus for an annual meeting concerning the participation of Belarus in the Planning and Review Process of the NATO Partnership for Peace program. New cooperation goals were agreed. It is noteworthy that after a meeting with the Belarusian foreign minister, his Russian counterpart said on May 29 that Minsk and Moscow shared the aspiration to improve relations with NATO, although NATO's activity on the borders of both countries, especially in the Baltic States and Poland, was a matter of concern.⁹

A regular session of the CSTO Defense Ministers Council was held on May 23 in Astana. Defense Minister Raŭkoŭ headed the delegation of Belarus. On June 5-6, the delegation took part in a regular session of the Council of CIS Defense Ministers in Kyzyl (Tyva, Russia).

On June 6-8, in accordance with the Vienna Document of the Negotiations on Confidence- and Security-Building Measures, a group of Belarusian inspectors visited Poland to oversee military activities in a designated area.

On June 9, Defense Minister Raŭkoŭ took part in an annual meeting of senior officials of the CSTO, CIS and SCO during the summit in Qingdao (China).

2. Regional Security

According to the Stockholm International Peace Research Institute, Russia reduced military spending for the first time since 1998. Last year, the figure dropped by 20% from the level of 2016. Spending on defense in Central and Western Europe increased by 12% and 1.7%, respectively, in 2017.¹⁰

NATO Secretary General Jens Stoltenberg stated that *"being strong, delivering deterrence and defense, NATO can enter into a political dialogue with Russia, try to improve relations with Russia and reduce tensions."*¹¹ Commenting on the plans in the East, he said that today's priority is the ability to reinforce in this region if necessary.¹² In other words, NATO is not considering deployment of new troops there now. At a meeting with his Baltic counterparts in May, German Foreign Minister Heiko Maas refused to send additional German troops to the Baltic States.¹³

It became known in June that EUR 6.5 billion will likely be allocated from the EU's next seven-year budget for the construction of roads and bridges strong enough to ensure the safe passage of heavy military machinery. The facilities were not specified. It can be assumed that a considerable part of the funds will be spent on building communications with the Baltic States.¹⁴

9 Russia, Belarus agree to seek improvement in relations with NATO May 29 <http://tass.com/politics/1006991>

10 Global military spending remains high at \$1.7 trillion (<https://www.sipri.org/media/press-release/2018/global-military-spending-remains-high-17-trillion>)

11 NATO Secretary General: "We do not want arms race with Russia" (<https://www.dw.com/ru/ренсек-нато-мы-не-хотим-гонки-вооружений-с-россией/a-44404493>)

12 Press conference by NATO Secretary General Jens Stoltenberg following the meeting of the North Atlantic Council in Defence Ministers' session, 7 Jun. 2018, (https://www.nato.int/cps/en/natohq/opinions_155264.htm)

13 Säbelrasseln im Baltikum, 03.06.2018, (<http://www.spiegel.de/politik/ausland/nato-manoever-saber-strike-saebelrasseln-im-baltikum-a-1210937.html>)

14 EU will 6,5 Milliarden Euro für panzertaugliche Straßen ausgeben 6. Juni 2018, (<https://www.zeit.de/politik/ausland/2018-06/aufrestung-eu-kommission-nato-uhl>)

Regional exercises

On May 2-14, Estonia held its largest ever army exercise Siil-2018 in collaboration with several other NATO members. The participating forces totaled 15,000 servicemen maneuvering in Estonia and in the north of Latvia. Observers from Belarus, Russia and other countries and organizations were invited.¹⁵

On May 21-31, NATO's regular Steadfast Cobalt-2018 exercise was held in Lithuania with 800 personnel (some sources reported 1,500) from NATO member states. The combat command and control readiness check topped the list of objectives.

The task force exercise Flaming Sword-2018 took place from May 21 through June 7 in Lithuania with nearly 1,000 military and civilian personnel of Lithuania and a number of NATO members. It was part of the Trojan Footprint-2018 biennial US Special Operations Command Europe-led exercise and Lithuania's national exercise Thunder Storm-2018. The program included several elements important for the stability and balance of forces in the region, particularly the application of American B-1B Lancer strategic bombers. A US army newspaper wrote, *"American commandos in Europe concluded one of their largest combat drills since the end of the Cold War [...], quietly bringing firepower to the Baltics as an example of the expanding U.S. special operations mission on the Continent."*¹⁶

On June 1-15, Baltops-2018 exercise was held all over the Baltic Sea and in the airspace of the Baltic States, Poland, Finland and Sweden under the leadership of the United States. It numbered 5,000 servicemen, virtually the same numeric strength as last year.

Concurrently, Lithuania held Thunder Storm-2018 with nearly 9,000 military and civilian personnel. Although the exercise was called "national", it involved a NATO battalion deployed on a rotational basis. The event was monitored three days by observers of Finland, Sweden and Belarus.

On June 3-15, the Baltic States and Poland hosted NATO's 8th Saber Strike exercise with around 18,000 servicemen sent by NATO members and partners. Judging by the available scenario, the forces were repelling simulated Russian invasion, primarily defending the Suwałki Corridor between Belarus and the Kaliningrad region of Russia.

Regional force buildup

Lithuanian Foreign Minister Linas Linkevičius said on May 17 after a meeting with US National Security Adviser John Bolton attended by his Estonian and Latvian counterparts that in addition to the already deployed land forces, Lithuania *"would like both the Navy and the Air Force to be there as well, at least in the long term."* Also, they spoke about America's contribution to the building of the Baltic air defense.¹⁷

In late May, Polish media published a Polish Defense Ministry's suggestion on the permanent deployment of US troops in the country. Warsaw was said to be willing to invest up to USD 2 billion in the construction of bases and infrastructure. Some analysts questioned the seriousness of this plan, pointing at the addressees, the content and discordance with the Polish line agencies. The idea of the US bases in Poland also corresponds to new trends in United States' European policy. Assistant Secretary of State for European and Eurasian Affairs A. Wess Mitchell announced a shift in emphasis in Washington's foreign policy to Eastern Europe, eloquently saying nothing about leading Western European nations.

¹⁵ Exercise Siil 2018 kicks off in Estonia 02 May. [2018 https://www.nato.int/cps/su/natohq/news_154275.htm]

¹⁶ For special operations, a marker of success: Large Baltic exercise was barely noticed <https://www.stripes.com/news/for-special-operations-a-marker-of-success-large-baltic-exercise-was-barely-noticed-1.531730>

¹⁷ Deutsche Welle: Baltic States are asking to reinforce NATO battalions with naval forces, 17.05.2018 <https://www.dw.com/ru/страны-балтии-просят-усилить-батальоны-нато-морскими-силами/a-43820747>

Forecast

The Belarusian armed forces are about to go through long, smooth transformations. The army will undergo personnel cuts; the border troops will be reinforced; more attention will be paid to reservists and territorial defense augmentation.

Minsk will take part in most of joint security events with Moscow, but a number of objective factors determine a separate path for the development of Belarus's defense capacity, such as the actual restructuring of the Belarusian army to meet the country's needs, and the Kremlin's inability to invest in the preservation of Belarusian army components, which Moscow needs more than Minsk, by providing weapons and other assistance, as well as the weakening of post-Soviet security institutions.

NATO members in Eastern Europe, primarily Lithuania and Poland, will seek a transfer of the Organization's infrastructure and shifting its priorities closer to their interests, which Washington can reluctantly consider. Therefore, a steady increase in NATO's presence at the Belarusian border will continue. There will be certain limits, though, including those conditioned by the position of other NATO member states and America's unwillingness to bring it all to overheated confrontation with Russia.

Russia will respond to NATO's actions, while also seeking solutions to existing problems. This means that Minsk can cautiously continue to foster relations in the field of security, defense industry, etc. with other partners, without crossing the established "red lines."

Appendix 1

Catalogue of events underlying the relations development indices

Relationship with Russia

Date	Event	Point
4 May	Approval of target food balances	+1
9 May	Mutual congratulations on Victory Day ("Immortal regiment" campaign)	+1
11 May	Statement by the press service of the Kremlin on strategic partnership with Belarus	+1
14 May	EEU Summit in Sochi	+3
14 May	Agreement between Belarusian Nuclear Power Plant and Rosenergoatom	+1
14 May	Consultations of the foreign ministers	+2
17 May	Meeting of the board of the Investigative Committees in Homiel	+1
23 May	Participation of a Belarusian delegation in SPIEF	+1
23 May	Agreement between Belarusbank and Rosselkhozbank	+1
29 May	Agreement on mutual recognition of visas at FIFA World Cup	+3
29 May	Lavrov's visit and his statements about allied and friendly relations with Belarus	+2
1 June	Negotiations between Kabiakoŭ and Medvedev in Dushanbe	+2
4 June	Ban on import of Belarusian milk to Russia (>25 l)	-2
7 June	Meeting of agriculture ministers	+1
13 June	Meeting of the Council of Ministers of the Union State	+2
19 June	Meeting of the Supreme State Council of the Union State	+3
28 June	Gref's visit, agreement on the refinancing of debts and investments	+2
18-29 June	Joint military exercise <i>Slavic Brotherhood</i>	+1
June	Targeted ban on supplies of food to Russia	-1
Total		+25

Relationship with the EU

Date	Event	Point
3 May	Alieh Kraŭčanka meets with Bundestag MP Mark Hauptmann, chair of the Belarusian-German parliamentary group	+1
3 May	Uladzimir Makiej meets with German Ambassador Peter Dettmar	+1
9-11 May	Kraŭčanka visits Italy	+1
15-16 May	Kraŭčanka visits Finland	+1
22 May	Makiej meets with ambassadors-at-large for the Eastern Partnership of the EU member-states	+1
22 May	10th meeting of the Belarus-Czech Republic mixed commission for economic, industrial, scientific and technical cooperation in Minsk; Belarusian-Czech Business Forum in Minsk and Hrodna (23 May)	+1
28 May	Miasnikovič meets with a delegation of the Bulgaria-Belarus friendship group of the People's Assembly of Bulgaria	+1
28 May	Miasnikovič meets with a delegation of the British parliament	+1
29 May	Lukashenka's telephone conversation with Federal Chancellor of Austria Sebastian Kurz	+1
30-31 May	Kraŭčanka visits Spain, holds consultations between the Foreign Ministries at the level of deputy foreign ministers; opening ceremony of the Belarusian Embassy in Spain	+1
30 May	Makiej meets with a delegation of the British parliament	+1
31 May	Andrej Dapkiunas meets with heads of diplomatic missions of the EU member-states in Belarus to discuss the situation around the Joint Comprehensive Plan of Action (JCPOA) concerning Iran's nuclear program	+1
31 May – 1 June	Makiej visits Belgium	+2
31 May	Makiej meets with High Representative of the European Union for Foreign Affairs and Security Policy Federica Mogherini	+1
1 June	Makiej meets with European Commissioner for European Neighborhood Policy and Enlargement Negotiations Johannes Hahn	+1
5 June	Kraŭčanka visits Lithuania, holds negotiations with Lithuanian vice-minister of foreign affairs Darius Skusevičius	+1
5 June	Makiej meets with a delegation of the EBRD led by Vice-President Alain Pilloux; signing of a Memorandum of Understanding between the Administration of the Great Stone Industrial Park, China-Belarus SZA0 Industrial Park Development Company	+1
6 June	Miasnikovič meets with a delegation of the Senate of the Czech Parliament	+1
7 June	Lukashenka meets with EBRD Vice-President Alain Pilloux	+1
11-13 June	Kraŭčanka visits Sweden, meets with Riksdag Speaker Urban Ahlin, Cabinet Secretary for Foreign Affairs Annika Söder, and Director General of the Permanent International Secretariat of the Council of the Baltic Sea States Maira Mora	+1
12 June	Makiej meets with Polish Ambassador to Belarus Artur Michalski	+1
12 June	Fourth round of the Trade Dialogue between the Foreign Ministry of Belarus and Directorate General for Trade of the European Commission in Minsk	+1

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Date	Event	Point
13 June	Jaŭhien Šestakoŭ meets with a Polish delegation led by Undersecretary of State Konrad Pawlik	+1
14 June	Belarus-Romania consultations between the Foreign Ministries at the level of deputy ministers	+1
21-22 June	10th round of EaP informal ministerial dialogues in Minsk	+2
21 June	Lukashenka and Makiej meet with European Commissioner for European Neighborhood Policy and Enlargement Negotiations Johannes Hahn	+2
25 June	Kraŭčanka meets with a delegation of the France-Belarus Friendship Group of the National Assembly of France	+1
29 June	Lukashenka meets with President of Austria Alexander Van der Bellen	+2
29 June	Lukashenka meets with Federal President of Germany Frank-Walter Steinmeier	+2
May-June	Mostly positive materials in official media and statements of the leadership of the country about the EU	+1
Total		+35

Relationship with China

Date	Event	Point
1 May	Visa-free access to Hainan enters into force	+1
4 May	Miasnikovič's press conference for the Chinese mass media	+1
8 May	Meeting of CITIC Group President Wang Jiong with Lukashenka, Kabiakoŭ	+1
8 May	China-Belarus Investment Fund created	+1
16 May	A cooperation agreement between the Academy of Public Administration under the aegis of the President of the Republic of Belarus and the Shanghai Academy of Social Sciences is signed	+1
21 May	Kabiakoŭ's interview to Xinhua agency	+1
22-26 May	China Academy of Sciences delegation visits Belarus	+1
27-29 May	An official visit of Chinese Vice President Wang Qishan to Belarus, meetings with Lukashenka, Kabiakoŭ	+2
28 May	Kabiakoŭ's meeting with China Merchants Group CEO Fu Gangfeng	+1
31 May	A business conference of Great Stone's Industries: machine engineering and electronics, Beijing	+1
31 May - 1 June	Deputy Economy Minister Uciupin's visit to China	+1
5 June	Deputy Presidential Administration Head Žaŭniak meets with party committee member in the rank of Deputy Justice Minister of China Gan Zangchun	+1
6-8 June	A visit of the Chinese delegation led by Deputy Secretary of the Commission for Discipline Inspection of the Central Military Commission of China, Lieutenant-General Yang Chengxi to Belarus	+1
8 June	Opening of the Chinese Training Centre at Francysk Skaryna Homiel State University	+1
8-10 June	A. Lukashenka's working visit to China as part of SCO summit in Qingdao. Working visits of V. Makiej, V. Zinoŭski, and V. Amaryn to China	+1
9 June	Meeting of the Customs Committee Head Siańko with the Chinese General Customs Administration Head Ni Yuefeng	+1
9-11 June	Signing of bilateral agreements on a visa-free regime, on the provision of technical and economic aid by China, and on loan financing for the agro-industrial sector	+7
11 June	Meetings of the Presidential Administration Head N. Snapkoŭ with Central Politburo of the Communist Party of China Deputy Head, Intergovernmental Committee Co-Chair from the Chinese side Go Shengkun, and Commerce Minister Zhong Shan	+1
15 June	A. Lukashenka congratulates Xi Jinping on his 65th anniversary	+1
20 June	A forum dedicated to tourism cooperation between Hrodna Region and Gansu Province is held in Gansu Province	+1
21 June	First container train from Hebei Province arrives to Kaliadzičy terminal	+1
29 June	Address of Belarus's Ambassador to China K. Rudy at the Belt and Road Countries Forum in Xi'an	+1
Total		+31

Relationship with the U.S.

Date	Event	Point
4 May	InfoUSA opens at the Mogilev branch of the Republican Scientific Technical Library	+1
27 May	Vasil Maciušeŭski's interview on difficulties with Belarus's accession to the WTO associated, inter alia, with U.S.' position	-1
30 May	U.S. Department of State issues annual report on religious freedom globally with a negative assessment of Belarus	-1
1 June	Chairman of the State Committee on Science and Technology Aliaksandr Šumilin meets with U.S. Chargé d'affaires Robert Riley	+1
5 June	Wess Mitchell's report on involving Eastern European countries	+1
9 June	U.S. President Donald Trump extends for another year sanctions against a number of Belarusian citizens and government members + negative response by the Foreign Ministry	-1
28 June	U.S. Department of State issues an annual report on trafficking in persons with negative assessments of Belarus	-1
28 June	Retired U.S. Army General (Ben Hodges) for the first time in the history of the bilateral relations visits the Belarusian Embassy	+2
Total		+1

Relationship with Ukraine

Date	Event	Point
2 May	Two Belarusian companies are put on Ukrainian sanction lists	-2
21 May	Cereras Group to implement an investment project in Sianno District	+1
21 May	Ukrainian Healthcare Ministry extends its thanks to Belarus	+1
22 May	Belarus and Ukraine announce cooperation in space exploration	+1
22 May	Ukrainian Foreign Ministry warns the Ukrainians of dangers awaiting them in Belarus	-1
23 May	Sharoiko's sentence is pronounced (a wave of publications in the mass media)	-1
25 May	Homiel and Chernihiv Regions sign a cooperation agreement	+1
30 May	Reports on possible exchange of Sharoiko for a citizen of Belarus	+1
1 June	Lukashenka's meeting with border guards. Statements concerning Ukraine	+1
6 June	Belarus puts off the project involving transportation of diesel fuel on the Dnieper until autumn	-1
11 June	MAZ to supply 100 buses to Lviv	+1
12 June	Belarus sends a humanitarian convoy to Ukraine	+1
12 June	Ukraine Foreign Ministry expresses its gratitude to Belarus	+1
20 June	Belorusneft drills the first well in Ukraine	+1
22 June	Lukashenka's visit to Škloŭ District, "we are at the battlefield" statement	+1
25 June	Presentation of machines assembled at Scientific and Production Complex Iskra at Poroshenko's official FB page	+1
20 June	Reports of contracts concluded between Belorusneft and UkrGasVydobuvannya	+1
27 June	Ukrainian intelligence sees Belarus as a possible staging area for a Russian attack	-1
28 June	Border demarcation plan agreed on	+1
Total		+8

Appendix 2

Catalogue of events underlying the security indices

Date	Event	National security	Regional tension
May 2	Information about a considerable reduction in Russia's spending on defense	0	+1
May 2-14	Siil 2018 exercise in Estonia and Latvia	0	-1
May 2-4	Joint Belarusian-Kazakh command and staff exercise with rocket troops and artillery in Kazakhstan	+1	0
May 14-16	Annual meeting on the participation of Belarus in the Planning and Review Process of the NATO Partnership for Peace program	+1	+1
May 17	Lithuanian foreign minister makes a statement on the deployment of NATO naval forces in the Baltic States and United States' contribution to the Baltic air defense buildup	-1	-1
May 21-31	NATO Steadfast Cobalt-2018 exercise in Lithuania	0	-1
Late May	Information about the plans to permanently deploy US military in Poland	-1	-1
May 21 – June 7	Flaming Sword-2018 task force exercise in Lithuania	0	-1
May 23 – June 11	Command and staff exercise in the Biaroza territorial defense district	+1	0
May 31	Presidential meeting on the results of the spring inspection of the armed forces and follow-up	+1	0
June 1	Official deployment of the 1146 th SAM regiment on the Lithuanian border	+1	0
June 1-15	NATO Baltops-2018 exercise	0	-1
June 1-15	Thunder Storm-2018 exercise in Lithuania	0	-1
Early June	Presentation of the first Belarusian strike drones	+1	0
June 3-15	NATO Saber Strike exercise in the Baltic States and Poland	-1	-1
June 6-8	Belarusian officers inspect a Polish district	+1	+1
1st half of June	Command and staff war game with infantry brigades at the Western Operational Command	+1	0
June	Operational exercise with the Signal Corps	+1	0
June 18-28	Belarusian-Serbian-Russian exercise Slavic Brotherhood-2018 in the Krasnodar Territory	+1	0
June 27	NATO Secretary General Jens Stoltenberg makes a statement on the possible dialogue with Russia	+1	+1
Conclusion		+8	-4 (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	The presence of military activities which do not post 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 could lead to the escalation of tensions. The situation calls for close attention.
Orange	from -13 to -17	Military preparations taking place in the region. Growing tensions. The situation is threatening.
Red	-18 and less	A sharp escalation of tensions. Conflict is virtually unavoidable. A pre-war situation.

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