

ENP Package – Belarus

The EU remains committed to a policy of critical engagement towards Belarus. This includes cooperation through the multilateral track of the Eastern Partnership and technical dialogues on specific topics of common interest, as well as support to civil society and to the Belarusian population at large. At the same time, the EU has imposed restrictive measures against those responsible for serious violations of human rights, the repression of civil society and democratic opposition, or whose activities otherwise seriously undermine democracy or the rule of law in Belarus, and those who are benefiting from or supporting the Lukashenka regime. The European Dialogue for Modernisation with Belarusian society provides a forum for the free exchange of ideas for a modern Belarus.

Political situation and latest developments in EU relationship with Belarus

Throughout 2012 the EU consistently reiterated its commitment to the policy of critical engagement with Belarus, including through dialogue and participation in the Eastern Partnership. The EU recalled that the development of bilateral relations under the Eastern Partnership was conditional on progress towards respect by Belarus for the principles of democracy, the rule of law and human rights. The EU reiterated its willingness to assist Belarus to meet its obligations in this regard.

By March 2012, the EU had designated 243 individuals to a visa ban and assets freeze; imposed an embargo on arms and materials that could be used for internal repression; adopted a restrictive approach to EIB/EBRD lending; and frozen the assets of 32 companies. Following the decisions in January and February to broaden the criteria for restrictive measures on Belarus and to add 21 persons to the list of persons targeted by these measures, the Belarusian side recalled its ambassadors to the EU and to Poland for consultations and asked for reciprocity from the EU and Polish side. This unilateral move led in turn to the solidary departure of all EU MSs ambassadors for a period of almost two months. The package of restrictive measures was rolled over in October 2012 for another year without changes.

The EU has throughout 2012 at numerous occasions expressed its grave concern regarding the lack of respect for human rights, the rule of law and democratic principles, including in Conclusions adopted by the Foreign Affairs Councils of March and October 2012. The EU has in particular strongly condemned the execution in March of two men

sentenced for the Minsk metro bombing and earlier bombings in Minsk and Vitebsk. The EU repeatedly called for the immediate and unconditional release and rehabilitation of all political prisoners. In June 2012 the UN reported that since the violations of electoral standards in the 19 December 2010 Presidential elections, there has been a pattern of serious human rights violations that was of a systemic nature. Following an EU initiative at the UN Human Rights Council, a Special Rapporteur on Belarus was appointed; the Government of Belarus has so far however refused cooperation.

Throughout 2012 three political prisoners were released from detention after having been pressured to sign requests for presidential pardon. Ten political prisoners remain incarcerated. Several of them were visited by the diplomatic representative of the Vatican.

In 2012, the repressive policies took another turn, becoming more targeted and sophisticated: instead of heavy prison sentences, there was rather a tendency to intimidate representatives from civil society by way of means such as dismissing people from their jobs, preventing them from holding assemblies, bringing civil cases for "non-payment" of taxes, not allowing certain citizens to travel abroad, fining activists or sentencing them to some days in jail (for some of these activists, several times over the year).

Parliamentary elections took place on 23 September 2012 amidst an atmosphere of control and pressure against alternative political thought. The OSCE/ODIHR election observation mission concluded that despite some improvements, the legal electoral framework did not adequately guarantee the conduct of elections in line with OSCE commitments and international standards. High Representative Catherine Ashton and Commissioner for Enlargement and the Neighbourhood Policy, Štefan Füle stated that this was yet another missed opportunity to conduct elections in line with international standards.

In June 2011, the Commission had offered Belarus to start negotiations on visa facilitation and readmission agreements to the benefit of the population at large. So far, the Belarusian authorities have not responded to the offer. In the absence of a response, the 23 March and 15 October 2012 Foreign Affairs Councils in their conclusions welcomed the intention of EU Member States to unilaterally make optimal use of the existing flexibilities offered by the Visa Code, in particular the possibilities to waive and reduce visa fees for certain categories of Belarusian citizens or in individual cases.

Economic and social issues

Economic activity weakened in 2012 as a result of the strong policy tightening that was required to contain the 2011 balance-of-payment crisis and to tame inflation. GDP growth slowed down to 1.5% in 2012 from 5.5% in 2011. Apart from policy tightening, weakening demand by the country's key export markets, the EU and Russia, also contributed to the moderating activity. As of the middle of the year, the authorities have

significantly eased income policy, a move that could easily undermine the competitiveness gains achieved through the steep devaluation in 2011 and bring back the country's external vulnerabilities to the fore.

Consumer inflation moderated markedly in 2012 - from more than 100% year-on-year in January to less than 22% at the end of the year due to relatively tight monetary and fiscal policies, significant intervention by the state in price setting, but also the favourable base effect. There have been renewed inflationary pressures in the second half of 2012 to reflect concerns about the expansionary wage policies and currency depreciation. The central bank reacted by suspending monetary easing in September and even tightening its stance by raising mandatory reserve requirements.

On the external front, there was a remarkable adjustment of the current account, which swung to a surplus in the first half from 9.4%-of-GDP deficit in 2011. This was due to very strong export growth that was fuelled by the currency devaluation and beneficial terms of trade due to lower prices of energy imports negotiated with Russia. However, these favourable conditions could be largely offset by the significant relaxation of demand policies as well as the weakening global environment.

Despite certain delays, Belarus progressed with meeting some criteria under the USD 3 billion bailout programme with the Eurasian Economic Community anti-crisis fund. The authorities still hope to negotiate a new arrangement with the International Monetary Fund that would enable them to easily meet the growing debt repayments as of 2013. However, the two sides have failed so far to agree on the reform programme for the country, which prevents the launch of official talks.

Progress with structural reforms was slow, possibly because the policy focus was mainly on economic stabilisation in 2012. The authorities were successful in reducing state-subsidised lending for the economy and in further simplifying the tax legislation, but more resolute political commitment would have been needed in order to foster price liberalisation and to advance privatisation. In fact, there was some retreat in privatisation with the abolishment of the 2011-2013 privatisation list and the state regaining control over some private companies. On top of it, a draft Presidential decree foresees reinstating state control over privatised companies, even if the company is fully private. The President also signed a decree preventing the employees in the wood-processing sector from resigning unilaterally until the end of the modernisation of their companies.

During its second economic dialogue at technical level with the Belarusian authorities in November 2012, the EU underlined the need for more resolute structural reforms to increase productivity and ensure sustainable growth in the country. It also urged the authorities to refrain from significant policy relaxation (especially of accommodative wage policy) that could seriously undermine the stabilisation gains achieved following last year's crisis and put at risk the rather fragile macroeconomic stabilisation.

Trade-related issues

Apart from political conditions, WTO accession is a precondition for any enhancement of EU – Belarus trade relations. Belarus applied for WTO membership in 1993 but progress in its accession negotiations has been limited and political commitment appears insufficient. The last meeting of the Working Party was held in May 2005 and since then activity has been limited to informal consultations.

Recently Russia, supported by Ukraine and China, is pressing for the resumption of Working Party meetings. As a result, after having filled the vacant chairmanship of the Working Party, the WTO Secretariat has tentatively scheduled a meeting thereof (either formal or informal) for the first quarter of 2013.

At present, Belarus is integrating into a Customs Union with Russia and Kazakhstan and building a Single Economic Space with these partners.

Belarus remains suspended from the GSP preferential trade regime (Council Regulation 1933/2006 of 21 December 2006 temporarily withdrawing access to the generalised tariff preferences (GSP) from the Republic of Belarus entered into force on the 21 June 2007). This Regulation was adopted by the EU Member States on the grounds of serious and systematic violations of core standards of the International Labour Organisation (ILO) in Belarus.

EU Cooperation

EU assistance to Belarus is currently limited in scope and focuses directly and indirectly on supporting the needs of the population and democratisation.

Given the complex political situation of the country, the bilateral allocations funded under the European Neighbourhood and Partnership Instrument (ENPI) aim at supporting cooperation in sectors of mutual interest and those benefitting most directly the citizens (border management, regional development, environment, energy efficiency, green economy, food security, etc), putting emphasis on civil society participation and at the same time maintaining technical level contact with the Belarusian administration, in particular at local level.

The total envelopes allocated for Belarus for bilateral cooperation are as follows: EUR 43.07 million for the period 2007-2011 and EUR 28.50 million for the period 2012-2013. Belarus also participates in some regional projects, mainly in the area of Environment, Education and Cross Border Cooperation.

Bilateral assistance to Belarus is complemented by thematic and regional programmes in the following fields - also in support of the needs of the population: education (Tempus, Erasmus Mundus), the eradication of landmines, waste governance, air quality, nuclear safety - Chernobyl, and Taiex.

Sectoral dialogues on economic, energy, environment and customs issues are at different stages of advancement.

The EU remains committed to a policy of critical engagement towards Belarus. This includes cooperation through the multilateral track of the Eastern Partnership.

It means that Belarus actively participates in four thematic platforms together with other five Eastern Partnership countries (Armenia, Azerbaijan, Georgia, Republic of Moldova and Ukraine). These platforms cover the themes of democracy, stability and good governance, economic convergence, energy and contacts between people allowing exchange of information, best practices and lessons learned between the 6 countries as well as with the EU Member States.

Belarus has been actively engaged in several regional activities under the platforms, including Integrated Border Management. Thanks to the Eastern Partnership Integrated Border Management Flagship Initiative Training project Belarus has been successfully developing its Integrated Border Management Strategy, which takes into account EU standards. In addition, Belarus participated in the Eastern Partnership Foreign Ministers meeting held in July 2012

Civil Society: role and EU support

During 2011 and 2012, the EU has strengthened its engagement with civil society and the public at large.

The Belarus Eastern Partnership (EaP) Civil Society Forum (CSF) National Platform (NP) was established in November 2009. More than 50 Civil Society Organizations (CSO) are currently part of the Belarus NP, which is also present at the Dialogue for Modernization.

In December 2012, the European Commission launched a project directed towards EaP CSF national platforms. The overall objective of the project is to strengthen and promote civil society organisations' role in reforms and democratic changes taking place in the EaP partner countries, through increased participation and monitoring in the fulfillment of EaP objectives.

EU support to Civil Society has increased six-fold since the start of 2011, reaching €3.6 and €2.7 million respectively in 2011 and 2012. These figures include grants for civil society organisations, scholarships, languages courses and support to the European Humanities University.

The EU has throughout 2012 strengthened its substantial dialogue with civil society. The Commissioner for Enlargement and European Neighbourhood Policy Štefan Füle on 29 March 2012 at an event in Brussels launched a European Dialogue on Modernisation with Belarusian society.

The Dialogue on Modernisation consists of an exchange of views and ideas between representatives of the Belarusian civil society, as well as the EU and its Member States.

Discussions revolve around possible reforms for the modernisation of Belarus, such as for example in the justice and the economic sectors, and on the related potential development of relations with the EU, as well as possible EU support in this regard. The agenda is set by the representatives of Belarusian society, in consideration of the needs of the Belarusian citizens. The Belarusian experts who take part in the Dialogue started with a stocktaking of areas necessitating reforms and by the end of 2012 established a work programme on a number of priority topics.

Within the European Dialogue, supporting thematic seminars and events on key modernisation related issues are organised by the EU Member States and the European Commission/European External Action Service. It is the Belarusian participants' wish and the EU's hope that Belarusian authorities will engage in the discussions and events of the Dialogue thus making a valuable and constructive contribution to the normalisation of EU-Belarus relations, as well as charting a course of reform and modernisation for the benefit of the Belarusian people.

EU–Belarus – Background

FACTS AND FIGURES

1995: Signing of the Partnership and Cooperation Agreement (ratification by EU Member States suspended since 1997).

2006: The European Commission presented a non paper on "What the EU could bring to Belarus".

April 2006: The Council decided to adopt restrictive measures against President Lukashenka, the Belarusian leadership and officials personally responsible for the violations of international electoral standards.

October 2008: The Council decided to suspend the restrictive measures against Belarus to encourage dialogue and the adoption of positive measures to strengthen democracy and respect for human rights.

November 2009: The Council welcomed increased high-level EU-Belarus political dialogue, the establishment of an EU-Belarus Human Rights Dialogue, the intensified technical cooperation and the active participation of Belarus in the multilateral track of the Eastern Partnership, as ways of building mutual understanding and creating opportunities to address issues of concern.

January 2011: Against the background of the violations of electoral standards in the 19 December 2010 Presidential elections and the subsequent crackdown on civil society and the political opposition, the Council expressed its concern about developments and reactivated the EU's restrictive measures against Belarus. The restrictive measures were further strengthened in March, May, June and October 2011, as well as in January, February and March 2012. Further Council conclusions were adopted in June 2011 and March 2012.

March 2012: Launching of the European Dialogue on Modernisation with Belarusian society.

October 2012: Roll-over of restricted measures at the 15 October Foreign Affairs Council and publication of new Council Conclusions on the same day

More info at:

http://eeas.europa.eu/eastern/index_en.htm

http://eeas.europa.eu/enp/index_en.htm

http://eeas.europa.eu/belarus/index_en.htm