European integration through analyzing and copying with new European challenges is rather complicated thing. And the point is not only about economic crisis and its impact to European community but about the routes of further development in general. In that case EU foreign policy considering Eastern neighboring countries is very important.

**European Union – Belarus “history”**

Belarus is rather young state, according to its independent, but we’ve already had quite “colorful” history considering EU – Belarus relationship.

The offer to engage much more strongly with Belarus was set out in the document “What the EU could bring to Belarus”, which the Commission released in November 2006. It contained the perspective of the EU entering into a full partnership with Belarus, as part of the European Neighborhood Policy. The EU openness to engagement was demonstrated also in the country’s inclusion in the multilateral activities of the Eastern Partnership.

In 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 Eastern Partnership, as ways of building mutual understanding and creating opportunities to address issues of concern.

Due to the lack of progress on issues of human rights and democratization, the Council was not able to lift the restrictive measures in place against certain officials of Belarus. It decided to extend until October 2010 the restrictive measures. However, in order to encourage progress in the areas identified by the EU, the Council at the same time decided to extend the suspension of the travel restrictions imposed on certain officials.

Recognizing the importance of enhanced people-to-people contacts, the EU made clear that it would consider the possibility of negotiating a visa facilitation agreement with Belarus, in parallel with negotiations on a readmission agreement.

Finally, the Council invited the Commission to make a proposal for a joint interim plan to set priorities for reforms, inspired by the Action Plans developed in the framework of the European Neighborhood Policy, to be implemented with Belarus.

The European Union is ready to deepen its relations with Belarus in the light of further developments towards the fundamental European values of democracy, human rights and the
rule of law. The success of progress in the EU - Belarus relationship is conditional upon steps by Belarus towards their realization.

It was our mutual history - with ups and downs, with one step forward and two steps backward. But still there were actions, reactions, results, negotiations and etc. And now it’s a horrible silence with only one condition to change nearly everything in the country\(^1\).

**Modern Belarus**

Belarus is in a deep recession nowadays. Last 1,5 months show absolute failure of Belarusian economic and bank system:

1. Currency crisis and crash of Belarusian bank system.
2. January-April 2011 inflation has already exceeded indicators of the annual forecast.
3. 600,000 workers (12,9\% from total number occupied in economy) have been forced to suspend their activity.

And it’s only the tip of the iceberg, only the beginning.

Belarusian people consume more than produce\(^6\). Hereby, as well as at any family which consumes more than earns, debts both at the government and at other economic entities grow (see table 1.).

**Table 1. External debt increase in dynamic (including portfolio investments of foreign investors and commercial credits), billion USD.**

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>For 01.01.2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross currency inflow on account of a debt</td>
<td>1,78</td>
<td>2,52</td>
<td>2,35</td>
<td>5,27</td>
<td>9,39</td>
<td>8,61</td>
<td>12,26</td>
<td>11,01</td>
<td></td>
</tr>
<tr>
<td>Payments on a debt (without %)</td>
<td>1,51</td>
<td>1,75</td>
<td>2,16</td>
<td>3,56</td>
<td>3,73</td>
<td>5,96</td>
<td>5,35</td>
<td>4,56</td>
<td></td>
</tr>
<tr>
<td>External debt, Increase</td>
<td>0,27</td>
<td>0,77</td>
<td>0,19</td>
<td>1,71</td>
<td>5,66</td>
<td>2,65</td>
<td>6,91</td>
<td>6,45</td>
<td></td>
</tr>
<tr>
<td>Accumulates external debt, in total for 01.01.2011</td>
<td>3,9</td>
<td>4,17</td>
<td>4,94</td>
<td>5,13</td>
<td>6,84</td>
<td>12,5</td>
<td>15,15</td>
<td>22,06</td>
<td>28,51</td>
</tr>
</tbody>
</table>

Source: “Belarusian and the market” № 17 (952), 4 May 2011.
In 2010 the current account position continues to accrue, and currency inflow in the country from all sources is a little reduced (approximately on 1 billion USD).

Besides, in 2010 production volumes grow on what the currency is spent (70% of the Belarusian import are purchasing of intermediate import, that is materials, energy etc. for the Belarusian enterprises). Gold and foreign currency reserves reduced on 0,62 billion USD for 2010 and on 0,57 billion USD in January 2011. In the first quarter of 2011 problems with the balance of payments become aggravated. Despite all efforts of the government, negative current account balance increasing. For January - February 2010 balance of commodity trade has constituted 0,47 billion USD and for the same period of 2011 - 1,97 billion USD. At the same time currency inflow in the country is reduced in comparison with the first quarter of 2010. The balance of payments data for the first quarter of 2011 hasn't published yet, but it’s not enough currency now even for official exchange rate support.

Credit rating of the country is falling down and possibilities for having new credits in 2011 decreasing, though a governmental debt yet not so big as at many other countries. Share of external governmental debt in GDP is still small and Belarus hasn't exhausted all loan opportunities. But creditors have doubts in possibility of returning debts. Creditors, both from the East, and from the West, are liberals. They know from the theory and practice of many countries that only market, liberal economy can be effective. And Belarus still has command economy. Therefore both the IMF, and Russia are ready to give credits provided that the country will carry out liberal reforms. But Belarusian government refusal of market principles in forming exchange rate has shown that even in difficult economic situations it doesn't dare to carry out liberal reforms in practice.

Belarus is at the crossroad now. Economic crash is only the beginning. We must change a lot and choose right way to better future.

**Belarus with “Big Russian brother”**

It is the most probable variant for the present moment because Russia is the one who agree to think about and maybe to give another 3 billion USD credit to Belarus, with certain and severe constraints, of course. Even Russian calls Belarus for economy liberalization. But that economy liberalization for Russia means, first of all, total privatization which could give an opportunity to buy majority stakes in economy forming Belarusian companies:

1. Joint Stock Company “Beltransgaz”.
2. Joint Limited Liability Company “Mobile TeleSystems”.
3. Joint Stock Company “Belarusian Potash Company” and many others.
Thus, in practice it would be absorption of Belarusian capital by Russian capital and Russian absorption of Belarus finally. But on the other hand, that final stage is just impossible for Belarusian government and for Belarusian people too. We have our common Belarus – Russia history but according to different surveys only a small percentage of citizens agree to be a part of Russia. Although, according to the last population census’s results overwhelming majority consider Russian as their native language.

The situation became more sophisticated after Belarus had entered into Customs Union with Russia and Kazakhstan. Union could be used like additional leverage for Russian impact to Belarus in case of disadvantageous economic and finance conditions. As a result it would be then like “on paper” independent.

"Alone and proud" Belarus

Some kind of impossible and unbelievable variant but while analyzing Belarusian government’s actions and words we could see that this is one of the main points of modern Belarusian ideology.

Belarus is still trying to be a country which could produce everything. Having 9,5 million population we strongly believe that could be the best in every sphere of National economy and could provide ourselves with all the necessary goods and services. But it is impossible in modern world with its open markets, international relations and so on. One more reason for Belarus couldn’t be “alone and proud” is that even while producing something we use mostly (50-80%, depends on the sphere) import materials. So we could say that Belarusian policy of import substitution is just a fake.

Demonstrating its power and “no need to anybody” Belarus contrived to have a little quarrel even with Ukraine. After that situation the whole picture looks approximately like a week PR: stubborn and “not easy to deal with” Europe in the West and North, imperious Russia in the East and “treacherous” Ukraine in the South.

That king of development variant is impossible and useless but while Belarusian government and certain part of the population will promote that idea, Belarus will continue doing backward steps.

Belarus with/without European Union?

The 7th of May 2011 it was 2 years from the official beginning of the program «Eastern Partnership» which provides European values and faith for the real gathered EU future. And on
the 27th of January 2011 PACE adopted a resolution which imposes political and, maybe in future, economical sanctions on Belarus. This fact disputes further development of EU Eastern foreign policy as whole and EU - Belarusian relations in particular.

The primary goals of the Eastern Partnership include four thematic platforms: democracy, good governance and stability; economic integration and convergence with European Union policies; energy security; and contacts between people. During these years the Program’s official registration was nearly finished: the documents were signed, the budget was formed and the first projects were started. But the Republic of Belarus is still far from being a full member of the Partnership.

The main aim of the Eastern Partnership is to make six post-soviet countries closer to the European Union. The ways of it are different but concrete enough:

1. New association agreements.
2. Deep and comprehensive free trade agreements with those countries willing and able to enter into a deeper engagement and gradual integration in the EU economy.
3. Easier travel to the EU through gradual visa liberalization with the long-term perspective of canceling the need of visa at all.

Short-term goals are more local. They seek to reform economical and political systems of each country and help them to become real partners between themselves.

Belarusian membership in Eastern Partnership in some case was like an advance. Changes in domestic political scene with some steps to democracy permitted Belarus to become the competent member of the Program. But EU’s and Belarusian expectations were different: Belarus was waiting for investments and finances and EU wanted further steps to democracy. So, the result is mutual discontent. Official Minsk said that those who had promised Belarus help and assistance didn’t keep their promises. For being more concrete “those” are: European Union's High Representative for Common Foreign and Security Policy Javier Solana and European Commissioner for External Relations and European Neighborhood Policy Benita Ferrero-Waldner. Mr. Solana and Ms. Ferrero-Waldner visited Belarus and met with the President of the Republic. Both sides were satisfied with the results of the meeting and come to an agreement about further cooperation. But now Catherine Margaret Ashton, First-Vice-President of the European Commission since February 2010, took the place of Mr. Solana and Stefan Fule took the place of Ms. Ferrero-Waldner. So new people mean new arrangements and new arrangements mean building of new relationships.

The situation became more complicated after the December 2010 elections. And the question about how it is to be geographically in Europe but being blocked from EU collaboration at the same time has stayed more sharply.
First of all, and of course the main one, Belarus have to do big steps to liberalization and democratization in economy, internal and external policies, etc. And during Hungarian and then Polish EU presidency it may be much easier to do this. On the subject of enlargement, Hungary wishes to help Croatia to join the EU as soon as possible.\textsuperscript{14} However it is also a priority objective to strengthen the Eastern dimension of the neighborhood policy\textsuperscript{11}. And Poland was the main initiator of the Eastern Partnership which indicated to its Eastern external policy orientation.

Secondly, Belarus should consider European Union as a potential economic partner because EU is one of the key world leaders. It is the biggest exporter and importer, capital source and place for the international capital flows. Russian share in Belarusian export is very high and it’s become alarming especially after Russian “milk and meat” wars against Belarusian products. We can’t depend on one country, even friendly in some way, we should have choice. For developing mutual contacts Belarus, of course, should do a lot:

1. Belarusian goods must satisfy the requirements of European standards. It’s rather difficult and costs money but it’s possible. Every year Belarusian government spends millions of dollars to support the rural economy but it’s still detrimental, and we haven’t got farms fitting the European standards. Russia has some agricultural enterprises satisfied European consumers, Ukraine will have in the nearest future, and they spend less money for it. So in that case Belarus is just wasting time, finance and potential. And the situation is similar in other sectors of Belarusian economy.

2. Official Minsk should change the Customs regulation. Maybe not weaken it but just make it easier and transparent. Belarusian import substitution policy closes national market for the foreign companies. And it’s wrong because lack of competing products doesn’t make it possible to reduce prices. Belarus should understand that small country with nearly 9,5 million people population can’t produce everything. It will be better to concentrate to strong economic points and raise them to the European level.

3. Each Belarusian plant and factory should have foreign-relations department with qualified stuff who can promote Belarusian goods to the European market. The main problem in national enterprises is ignorance of foreign languages (even English), lack of economic knowledge and fear of the idea of entering the European market itself.

Of course, it’s not all the possible variants and solutions, but it’s the obligatory condition of further collaboration.

Thirdly, official Minsk should cancel visa regime for the European people. It will be a big step to sincere and transparent relations. In 2009 there were 1 000 000 tourists in Georgia in comparison with only 50 000 in Belarus\textsuperscript{12}. For changing the situation we should take strict measures. Ukraine cancelled visa regime for Europeans in 2005 and it led to Victor Janukovich
and Herman Van Rompuy reached common vision of canceling visa regime for Ukrainians in the 13th of September 2010. Suggested step will help to open European market for Belarus too and find new investments to Belarusian economy.

Fourthly, Belarus should differentiate projects in the network of the Eastern Partnership. Belarus was the first country which had finished work of the projects preparations but now they are mostly without financing. So maybe better not to do “quantitative” projects but do one or two but really worth doing? The first EU’s tranche to Belarus within the bounds of Eastern Partnership is nearly 26 million dollars. Not so much for the country but enough for some really good projects.

It’s not all tools for open and honest Belarus – EU relationship but still it could be really good start of it.

But every relationship needs compromises from both sides. After the adopted PACE resolution, 10th of February EU Parliament made a decision to start work of the Euronest Parliamentary Assembly without Belarus: to start not only without official Minsk but without members of the civil society too. And on the 3rd of May Euronest really took place in Brussels without Belarus10. But before and especially after December 2010 elections official EU representatives have announced civil society support in Belarus as a chief goal in Belarus – EU relationship13. Moreover Philip Missfelder, chairman of the youth organization of the CDU and a member of the Bundestag, called EU on economic sanctions against Belarus which could shock Belarusian economic system to the very core.

European Union should believe in Belarus. Due to Belarusian neighboring position, potential young people who still vitally want changes EU - Belarus collaboration as a unique or as a part of Eastern Partnership could pay the best dividends in EU’s future. Let it be objective reality!
References:


2. Declaration by EU High Representative Catherine Ashton on behalf of EU on recent trials and sentences in Belarus, Brussels, 18 March, 2011.


