

# CRS Report for Congress

## Belarus: Background and U.S. Policy Concerns

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## Summary

Belarusian President Aleksandr Lukashenko snuffed out Belarus's modest progress toward democracy and a free market economy in the early 1990s and created an authoritarian, Soviet-style regime. Belarus held parliamentary elections in September 2008. Supporters of the government won all of the seats in the vote, which was criticized by the U.S., EU and OSCE as falling short of international standards. Belarus's economy is the most unreformed in Europe, according to most observers.

Belarus has close historical and cultural ties to Russia. Efforts to establish a political and economic "union" between the two countries have had substantial public support in Belarus. Nevertheless, the pace of integration between Belarus and Russia remains slow, in large part because of Lukashenko's refusal to undertake economic reforms. Current Russian policy toward Belarus appears to be focused on gaining control of Belarus's economic assets (particularly oil and natural gas pipelines), while reducing the costs of subsidizing the Belarusian economy. This Russian policy was evident in a conflict in late 2006 and early 2007 over Russian energy supplies to Belarus, which ended in a sharp reduction in Russian energy subsidies to the Lukashenko regime.

In recent years, U.S. officials have criticized Lukashenko as "Europe's last dictator." They have also expressed concerns about Belarus's arms sales and other ties to rogue regimes. The United States pursues a policy of "selective engagement," which limits ties to the regime while providing modest support to pro-democracy organizations in Belarus. The United States and the European Union have imposed sanctions on Belarusian leaders. In March 2008, Belarus withdrew its ambassador from Washington. It successfully pressed the United States to recall its ambassador and sharply reduce the size of its embassy in Minsk in response to what Belarus perceived as a tightening of U.S. sanctions. Nevertheless, the EU and the United States are interested in improving ties with Belarus, partly due to concerns about the country's future in the wake of sharp Russian energy price increases and the regional implications of Russia's military assault on Georgia in August 2008. In October 2008, the EU suspended a travel ban on Lukashenko and other Belarusian leaders.

Congress has responded to the situation in Belarus with legislation. The Belarus Democracy Act, signed by President Bush in October 2004 (P.L. 108-347), authorizes aid for pro-democracy forces in Belarus and funding for increased broadcasting to Belarus by Voice of America and Radio Free Europe/Radio Liberty. The bill supports sanctions on Belarus and top leaders of the Lukashenko regime until Belarus meets specific democratic and human rights criteria. The bill also requires the President to report within 90 days and every year thereafter on the sale by Belarus of weapons or weapons-related assistance to regimes supporting terrorism, and on the personal wealth of Lukashenko and other senior Belarusian leaders. The 109<sup>th</sup> Congress passed several resolutions criticizing human rights abuses and calling on Belarus to hold free and fair elections. In January 2007, President Bush signed the Belarus Democracy Reauthorization Act (P.L. 109-480), which reauthorized and updated the provisions of the 2004 law.

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# Belarus: Background and U.S. Policy Concerns

## Introduction

Belarusian President Aleksandr Lukashenko snuffed out Belarus's modest progress toward democracy and a free market economy in the initial years after the breakup of the Soviet Union in 1991 and created an authoritarian regime. His regime, in rhetoric and policies a throwback to the Soviet era, is an anachronism located among a Central Europe integrated into Euro-Atlantic institutions, a Ukraine that has made strides in democratization, and a Russia that is increasingly authoritarian but moving forward with economic modernization. Those advocating a stronger U.S. role in trying to bring democratic change to Belarus say that the country is important to the United States because, as what U.S. officials have called "Europe's last dictatorship," Belarus is an obstacle to the U.S. goal of making Europe "whole and free." Another concern is Belarus's support for pariah regimes, including through arms sales.

## Political and Economic Situation

Lukashenko was first elected as President of Belarus in 1994 on a populist, anti-corruption platform. He dominates the Belarusian political scene, controlling the parliament, government, security services, and judiciary through a large presidential administration and substantial extra-budgetary resources. He has reduced potential threats from within his regime by frequently removing or transferring officials at all levels, often claiming they are incompetent or corrupt. Former regime figures who move into opposition are singled out for particularly harsh punishment. His tight control over an unreformed economy has prevented the rise of powerful "oligarchs," as occurred in Ukraine and Russia. The Lukashenko regime also controls almost all of the media, which it uses to burnish Lukashenko's image and attack real and imagined adversaries. Lukashenko is known for his political unpredictability and for making rambling and rhetorically colorful public statements.<sup>1</sup>

The State Department's Country Reports on Human Rights for 2007 judged Belarus's human rights record to be "very poor." It says the government has harassed, arrested, and beaten opposition figures. The regime has forced the closure of independent media and non-governmental organizations (NGOs) dealing with political issues and human rights, pushing these sectors to the brink of extinction.

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<sup>1</sup> Vitalii Silitski, "The Tsar and His Boyars," *Transitions Online*, June 4, 2004, [<http://www.tol.cz>].

The regime sharply restricts activities of independent trade unions and some religious groups.

Belarus held its most recent presidential elections in March 2006. According to monitors from the Organization for Security and Cooperation in Europe (OSCE), the elections failed to meet OSCE standards for free and fair elections. The observers noted many serious shortcomings in the elections, including harassment, arrests, and police violence against opposition campaign workers, including the beating and arrest of presidential candidate Aleksandr Kazulin. (Kazulin was later sentenced to five and a half years in prison for “hooliganism” and disorderly conduct, charges U.S. and European officials denounced as politically motivated.)

The observers also noted that the largely government-controlled media was heavily biased against opposition candidates; domestic election observers were arrested; and almost no opposition figures were included in the administration of the elections, resulting in a vote count that was not “transparent.” The observers said that the KGB (Belarus’s security service) issued statements just before the vote associating opposition and civil society groups with terrorism and charged that they were plotting a violent uprising.<sup>2</sup>

Belarusian election officials announced that Lukashenko had won the election, with over 82% of the vote. His closest opponent, opposition leader Aleksandr Milinkevich, won only 6%. Milinkevich and other opposition candidates denounced the vote as fraudulent and called for massive demonstrations to force the authorities to hold a new, free, and fair election. More than 10,000 persons attended the first demonstrations in the capital, Minsk. The size of the protests soon dwindled, however. The regime refrained from a massive, violent crackdown on the demonstrators, but scores of persons were arrested, including opposition campaign leaders. Russian leaders praised the conduct of the election and congratulated Lukashenko on his victory.

Opposition groups and leaders in Belarus have so far posed little threat to the Lukashenko regime. After the presidential election, demonstrations organized by the opposition over such issues as social policy and eventual EU membership for Belarus achieved only modest turnout, less than the roughly 10,000 who gathered to protest the presidential election. The opposition’s weakness is in large part due to the regime’s repression, but divisions over ideology and the conflicting personal ambitions of its leaders have also been factors.

In August 2008, Lukashenko freed opposition leader Aleksandr Kazulin and two other jailed opposition figures, meeting a condition set by the United States and EU for improving relations that all political prisoners in Belarus be freed.

The United States and EU also conditioned an upgrading of their ties with Belarus on a significant improvement in the conduct of Belarus’s parliamentary elections on September 28, 2008 over previous elections. However, although over

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<sup>2</sup> “Statement of Preliminary Findings and Conclusions on the Presidential Election of Belarus,” at [<http://www.osce.org/odihr/>].

70 opposition figures were permitted to run as candidates, government-supported candidates won all the seats in the 110-seat legislature. A report by an OSCE election observation mission said the vote “fell short of OSCE commitments for democratic elections,” but noted “some minor improvements” in such areas as access for OSCE observers and participation of a few opposition representatives in district election commissions. The observers said the vote was well-conducted, but that many observers rated the vote count as “bad or very bad,” including cases of falsification of vote totals. Media access for opposition candidates was also very limited.<sup>3</sup>

## **Economic Situation**

Belarus’s economy is the most unreformed in Europe, according to most observers. Lukashenko has refused to privatize all but a few state-owned firms or collective farms. However, Belarus’s economy appears to be doing quite well, at least on paper. Belarus’s Gross Domestic Product grew by a reported 10.4% in the first half of 2008. Belarus has so far avoided the hyperinflation it suffered during the 1990s. However, inflation is rising, due in part to increased cost of energy supplies from Russia and relatively loose monetary policies. Consumer price inflation in July 2008 was 16.3%, on a year-on-year basis. The official unemployment rate in 2007 was 1.2%, although experts believe the real figure was substantially higher, because the very low amounts offered as unemployment compensation mean that few Belarusians bother to register for benefits. Real wages continue to rise rapidly, by 8.4% in June 2008, on a year-on-year basis.

There are several explanations for Belarus’s apparent economic success. Belarus’s economy has been buoyed by exports to a growing Russia, and, until recently, Belarusian refineries have profited from refining cheap Russian crude oil and exporting it to Western countries. In addition, many experts doubt that Belarusian statistics are entirely accurate. Production figures may be exaggerated by officials to avoid punishment by Lukashenko for not meeting planned targets. Growth in industrial production is made possible by subsidies to ailing state firms. Wage and pension increases are mandated by the government. Collective farms are also propped up by subsidies, although private plots held by peasants are more productive. Prices of key consumer goods are controlled.

Lukashenko’s policies have provided a low but stable standard of living for many Belarusians and are a key reason for the public support that he enjoys, particularly among older and rurally based Belarusians. However, it is unclear how long Lukashenko can continue such policies without cheap energy supplies from Russia.

Lukashenko has made some adjustments in his policies to compensate for the reduction in Russian energy subsidies since 2007. Belarus has restructured and privatized some state firms, albeit in a non-transparent manner. Firms have been sold to investors from Russia, but also countries such as Turkey and Germany. Social benefits for vulnerable groups have been trimmed. Subsidies have been

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<sup>3</sup> “Statement of Preliminary Findings and Conclusions on the Parliamentary Election of Belarus,” at [<http://www.osce.org/odihr/>].

shifted from the agricultural sector to utilities companies. Until the global financial crisis, loans from foreign banks increased. In late 2007, Russia extended to Belarus a \$1.5 billion stabilization loan. It is negotiating another \$2 billion loan from Russia, as well as a \$500 million loan from Venezuela.<sup>4</sup>

So far, Belarus has coped relatively well with initial energy price increases, but further sharp price hikes could devastate the country's unreformed economy. Economists point to rising inflation, a worsening current account deficit, and increasing foreign debt as warnings of future problems. However, it appears unlikely that Lukashenko will make the more thorough economic reforms that the country needs, as they may undermine the basis of his power.

## Relations with Russia

Belarus has close historical and cultural ties with Russia. Efforts to establish a political and economic "union" between the two countries have had substantial public support in Belarus. However, the pace of integration between Belarus and Russia remains slow. As Russian President, Putin was openly contemptuous of Lukashenko's grandiose rhetoric about integration. Lukashenko has apparently feared at times that Russia would try to replace him with a more pliable figure, which may be a factor in frequent personnel changes in the Belarusian leadership.

Efforts to move forward on economic union, although given rhetorical support by Lukashenko, have been stymied by Belarus's reluctance to adopt the Russian ruble, which would cede control over monetary policy to Moscow. For its part, Russian policy toward Belarus appears to be focused on gaining control of Belarus's key economic assets, while limiting subsidies to the unreformed Belarusian economy.

After the collapse of the Soviet Union, Russia's state-owned natural gas firm Gazprom supplied Belarus with natural gas at Russian domestic prices, providing a large indirect subsidy to the Lukashenko regime. About 20% of Russia's natural gas exports to Europe flow through Belarusian pipelines.

In late 2006, Gazprom strongly pressured Belarus to sell to it control of the Beltransgaz natural gas firm (which controls the pipelines and other infrastructure on Belarusian territory) and other key Belarusian energy firms, or face the quadrupling of the price Belarus would pay for Russian natural gas. Belarus would face a cut-off in supplies on January 1, 2007, if it did not agree to pay the higher price. Just hours before the deadline, however, the two sides reached agreement that averted a gas shutoff. Belarus agreed to pay \$105 per 1000 cubic meters in 2007, more than double the \$46.48 it paid in 2006. Moreover, prices are scheduled to rise steadily over the next few years, reaching world market levels in 2011. Belarus agreed to sell Gazprom a majority stake in Beltransgaz. In 2007, the first 12.5% stake was sold to Gazprom for \$625 million. Gazprom will pay the same amount for additional 12.5% shares each year from 2008 through 2010.

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<sup>4</sup> *Economist Intelligence Unit Country Report: Belarus*, September 2008.

After settling the gas dispute, the two countries were soon embroiled in conflict over oil supplies. In addition to receiving cheap natural gas, Belarus also benefitted from inexpensive and duty-free crude oil supplies that are processed at Belarusian refineries. The bulk of these refined products were then sold to EU countries at a hefty profit. In January 2007, Russia moved to sharply reduce this subsidy to the Belarusian economy. Russia imposed a tariff on oil exports to Belarus. Belarus retaliated by increasing transit fees for Russian oil supplies to Western Europe. When Russia refused to pay, Belarus cut off oil supplies to Western European countries, angering their governments.

Belarus and Russia ended the crisis by agreeing that Belarus would raise its export duty on crude and refined oil products to Western Europe to match that imposed by Russia. Russia would then exempt Belarus from most of the new Russian oil export duty. Belarus agreed to hand over to Russia 70% of the proceeds that it receives from its exports of refined oil products to the Western market. This figure will be gradually increased to 85% in 2009. Russia's effort to increase capacity at its oil terminal at Primorsk may cause it to reduce its use of the Druzhba pipeline, which runs through Belarus to Poland and western Europe.

In August 2007, Gazprom threatened to cut off natural gas supplies to Belarus unless it paid a \$456 million debt for previous deliveries. A crisis was averted when Minsk settled the debt. Belarus continues to ask Russia to moderate future energy prices, which may double in 2008. Belarus also wants Moscow to increase the transport fees it pays to Belarus for use of its pipelines to Europe, so far without success. To hedge his bets, Lukashenko has called for diversification of Belarus's energy supplies by imports from such countries as Venezuela, Iran, and Azerbaijan, as well as development of coal reserves and a nuclear power plant within Belarus.

Lukashenko has pointed to close military cooperation between the two countries and Belarus's geographical position between NATO and Russia as reasons for Russia to subsidize energy supplies to Belarus. Belarus is a member of the Russian-dominated Collective Security Treaty Organization (CSTO), which Russia hopes to make into a counterweight to NATO influence. Russian and Belarusian air defenses are closely integrated, but not formally unified. Russia has supplied Belarus with up-to-date air defense equipment. Although they do not have joint armed forces, a regional task force of Belarusian and Russian ground forces conducts joint military exercises. A small number of Russian troops remain in Belarus, in part to run a naval radio station and an early warning radar station.

In August 2008, Russia's ambassador to Belarus warned that Russia would likely deploy modernized Iskandar short-range missiles and strategic bombers to Belarus in response to U.S. plans to deploy an anti-ballistic missile system in Poland and the Czech Republic. He ruled out the stationing of nuclear weapons in Belarus, however.

Lukashenko's initial response to Russia's military assault on Georgia in August was remarkably muted, perhaps reflecting fear that the move would presage greater Russian pressure on Belarus. However, after substantial Russian prodding, Lukashenko offered public support of Russia's military actions. Nevertheless,



Belarus has refrained from following Russia's lead in recognizing the Georgian breakaway regions of South Ossetia and Abkhazia as independent countries

## **NATO, the European Union, and Belarus**

Belarus's relations with NATO are poor. Belarus strongly opposed NATO enlargement. In 2004, after the second wave of enlargement, Lukashenko continued to say that NATO represents a military threat to Belarus. Belarus is a member of the Partnership for Peace program, but has not been very active in it.

Belarus's ties with the European Union have also been difficult. Although Lukashenko has often called for closer economic ties with the EU, he has condemned EU criticisms of his regime as interference in the country's affairs. Since 1997, the EU has followed a policy of limiting its official contacts with the Lukashenko regime. Belarus is the only ex-Soviet country without a Partnership and Cooperation Agreement (PCA) with the EU in force. Because of this, Belarus is excluded from the EU's "European Neighborhood" policy, which seeks to improve ties with countries around the EU. The strategy includes "action plans" for Ukraine, Moldova and countries in the Middle East and North Africa, but not Belarus.

The EU budgeted 20 million Euro in aid to Belarus's population under the European Neighborhood and Partnership Instrument program for 2007-2010. The aid assists NGOs, as well as efforts in such areas as health, the environment, and the regions affected by the Chernobyl nuclear accident. In January 2006, the EU started a modest program to beam independent information via radio and television into Belarus from Poland, Lithuania, and Russia. It has also provided funding for scholarships abroad for Belarusian students, as well as support for the European Humanities University, formerly located in Belarus, but relocated in Lithuania, owing to harassment from the Lukashenko regime.

In September 2004, the EU barred from its territory high officials involved in the murder of four murdered and disappeared journalists and politicians, as well as those involved in subsequent cover-ups. In December 2004 elections, the EU announced an extension of its visa ban to "persons who are directly responsible for the fraudulent elections and referendum in Belarus on October 17, 2004 and those who are responsible for severe human rights violations in the repression of peaceful demonstrators in the aftermath of the elections and referendum in Belarus."<sup>5</sup> After the March 2006 presidential elections, the EU imposed a visa ban and an asset freeze on 31 high-ranking Belarusian officials, including Lukashenko, key members of the Belarusian presidential administration, parliament, law enforcement ministries, and election authorities.

The EU has so far not supported economic sanctions on Belarus as a whole. However, in June 2007 the EU suspended tariff reductions that Belarus enjoyed under the Generalized System of Preferences (GSP). The move was taken in

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<sup>5</sup> "EU's Relations with Belarus," EU Commission website, [[http://europa.eu.int/comm/external\\_relations/belarus/intro/index.htm#initiatives](http://europa.eu.int/comm/external_relations/belarus/intro/index.htm#initiatives)].

response to Lukashenko's repression of independent trade unions. The EU also maintains contacts with mid-level and local Belarusian officials in order to ease the country's isolation.

Many analysts have asserted that some EU countries are reluctant to take tougher actions against Lukashenko for fear of antagonizing Russia or provoking Luskashenko to cause trouble on the lengthy EU-Belarus border. Belarus could make the situation uncomfortable for Poland by allowing more human trafficking to occur through Belarus to Poland or by creating obstacles for goods transiting Belarus to or from Poland. Belarusian border guards have reportedly seized and confiscated cargos in the past, often with dubious legal justification.<sup>6</sup> Even if Belarus did not take these steps, the economies of the Baltic states and Poland could still be negatively affected by sanctions against Belarus.

A significant factor in EU policy is the long-standing historical relationship between Belarus and neighboring EU states, especially Poland and Lithuania. Belarus has a significant Polish ethnic minority. Polish-Belarusian ties have deteriorated in recent years owing to Lukashenko's efforts to exert more control over ethnic Polish organizations in Belarus. Poland and the Baltic states have worked closely with Belarus's pro-democracy media, labor unions and political parties, including by sponsoring international conferences on Belarus. They have pressed for more EU and U.S. engagement in bringing democracy to Belarus.

The conflict over energy prices between Belarus and Russia led the EU to explore the possibility of improved relations with Belarus in exchange for political and economic liberalization in Belarus. In November 2006, the EU presented a document to Belarus reminding Minsk of the benefits it would receive under the European Neighborhood program if it engaged in democratization. However, Lukashenko rebuffed the EU approach, saying that while he favored better relations with the EU, he would not allow any changes in Belarus's political system.

In 2008, Lukashenko adopted a more conciliatory policy toward the EU. In January and February 2008, Belarus freed five political prisoners whose release was demanded by the United States and the EU. On March 7, Belarus signed an agreement with the EU to open an EU Commission delegation in Minsk. The moves contrasted with a sharp deterioration in relations with the United States at the same time, leading to speculation that Belarus was trying to split. Lukashenko freed the final three political prisoners in Belarus in August 2008. However, EU and US efforts to encourage real political reform suffered a setback when Belarus' September 2008 parliamentary elections fell short of OSCE standards, although the OSCE noted a few "minor" improvements.

Nevertheless, given Russia's increasing pressure on Belarus's energy supplies, increasing Russian investment in Belarus, and the perceived threat posed to Russia's neighbors by its military actions in Georgia, the EU has expanded its policy of engagement with the Lukashenko regime. On October 13, 2008, EU foreign

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<sup>6</sup> Mikhail Vanyashkin, "Rubber-Stamped Daylight Robbery," *Transitions Online*, January 30, 2004.

ministers agreed to suspend the travel ban on Lukashenko, as well as most of the other Belarusian leaders banned from travel to the EU, for six months. A few Belarusian officials remain under travel sanctions, including the head of the Belarusian Central Electoral Commission, and officials believed implicated in the disappearance of three opposition figures and a Russian television cameraman in 1999. The asset freeze against the Belarusian leadership remains in place. High level contacts between the EU and Belarus have been revived. Belarusian Foreign Minister Syarhey Martynau met with EU foreign ministers on the margins of the October 13 EU foreign ministers' meeting.

Aleksandr Kazulin and other Belarusian opposition figures, while favoring increased EU engagement with Belarus, criticized the suspension of sanctions against Belarusian leaders as premature, given that no real progress on democratization has yet occurred in Belarus.

## U.S. Policy

The United States recognized independent Belarus on December 25, 1991. U.S. officials hailed the removal of all nuclear weapons from Belarus in November 1996. However, U.S.-Belarus relations deteriorated as Lukashenko became increasingly authoritarian. In March 1997, a State Department spokesman announced a policy of "selective engagement" with Belarus on issues of U.S. national interests and "very limited dealings" on other issues.

U.S. aid to Belarus has been meager, reflecting the selective engagement strategy. The United States provided \$10.2 million in aid for Belarus in FY2008. The Administration requested \$10 million in aid for FY2009. U.S. aid is focused on supporting pro-democracy NGOs and independent media and fighting trafficking in persons. The Administration has noted that the regime's harassment of NGOs, including by banning foreign aid to NGOs even remotely dealing with politics and jailing members of NGOs not registered with the authorities, makes the delivery of U.S. aid difficult.<sup>7</sup>

In addition to U.S. opposition to Lukashenko's human rights violations, the United States has criticized Belarus's relations with rogue regimes. In April 2003, Deputy Assistant Secretary of State Stephen Pifer charged that substantial evidence existed that Belarus had provided weapons and training to countries and groups that support terrorism, including Iran and Saddam Hussein's Iraq.<sup>8</sup> Belarus's assistance to Saddam's regime may have also extended beyond the regime's collapse. One high-ranking aide to Saddam was reportedly captured by U.S. forces with Belarusian passports for himself and other key regime leaders, including Saddam's sons.<sup>9</sup> More

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<sup>7</sup> State Department FY2009 Congressional Presentation on Foreign Assistance, February 2008.

<sup>8</sup> AP wire dispatch, April 16, 2003

<sup>9</sup> Andrei Sannikov and Mark Lenzi, "Belarus's Terrorist Ties," *Washington Post*, June 12, (continued...)

recently, Belarus has sold weapons to Syria, another U.S.-designated state sponsor of terrorism. Belarus has also reportedly served as a conduit for sales by Russia of highly sophisticated arms to Iran and Syria.<sup>10</sup> In July 2007, Venezuela announced plans to buy \$1 billion in arms from Belarus.

On October 20, 2004, in a statement announcing his signing of the Belarus Democracy Act of 2004 (P.L. 108-347), President Bush said the October 17 Belarusian elections were undertaken “in a climate of abuse and fear,” noting that OSCE and other observers found that Lukashenko’s victory “was achieved by fraudulent means.” He added that “at a time when freedom is advancing around the world... there is no place in a Europe whole and free for a regime of this kind.” The President stressed that “the fate of Belarus will rest not with a dictator, but with the students, trade unionists, civic and religious leaders, journalists, and all citizens of Belarus claiming freedom for their nation.”

In December 2004, the United States, in concert with the EU, enacted a visa ban on Belarusian officials involved in electoral fraud and human rights violations. A March 2006 Administration report, required by Congress as part of the Belarus Democracy Act, accused Lukashenko and his regime of corruption on a massive scale and selling arms to state supporters of terrorism such as Iran and Sudan.

U.S. officials were sharply critical of the conduct of the Belarus presidential election. On March 20, 2006, a White House spokesman said that the United States “does not accept the results of the election,” saying that it was conducted in a “climate of fear” and adding that the U.S. supported opposition calls for a new vote to be held. In May 2006, at a meeting of post-communist nations in Lithuania, Vice President Dick Cheney called Belarus “the last dictatorship in Europe,” echoing similar statements made by Administration officials in the past. Cheney noted that “peaceful demonstrators have been beaten, dissidents vanished, and a climate of fear prevails under a government that subverts free elections. There is no place in a Europe whole and free for a regime of this kind.”<sup>11</sup>

The United States imposed sanctions on key members of the Lukashenko regime after the 2006 Belarusian presidential elections. On May 15, 2006, President Bush announced a visa ban for the travel of senior Belarusian leaders to the United States. On June 19, 2006, the United States froze the assets of senior Belarusian officials. In addition to Lukashenko himself, the financial sanctions affect fifteen other persons, including Lukashenko’s closest advisors, the head of the Belarusian KGB, the Ministers of Justice and Interior, the head of the Belarusian state television and radio company, and the head of the central election commission. In a message to Congress, the President said that these persons were chosen because they undermined

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<sup>9</sup> (...continued)  
2004, 21.

<sup>10</sup> Vladimir Isachenkov, “Dead Russian Newsmen was Probing Arms Sales to Syria and Iran,” Associated Press wire dispatch, March 6, 2007.

<sup>11</sup> Reuters news agency dispatch, May 4, 2006.

democratic processes in Belarus, violated human rights of Belarusians, or engaged in corruption.<sup>12</sup>

On November 13, 2007, the Administration froze the U.S. assets of the state-owned oil and petrochemicals firm Belneftkhim and prohibited U.S. persons or businesses from doing business with it. Belneftkhim makes chemical fertilizers and oil products. It accounts for 35% of Belarus's exports and over 30% of the country's industrial output. U.S. officials said the move was aimed at tightening financial sanctions against a massive conglomerate under the regime's control. However, the material impact of the sanctions is not expected to be great, given the company has only modest assets in the United States, and that the EU, the main market for Belneftkhim's products, has not imposed sanctions of its own on the firm.<sup>13</sup> Nevertheless, Lukashenko reacted angrily to the U.S. move.

On March 6, 2008, the Administration issued a clarification on the Belneftkhim sanctions that said that the freezing of Belneftkhim's assets included the assets of any firms in which Belneftkhim owns a 50% or greater interest. Belarus responded by recalling Belarus's ambassador to the United States on March 7 and pressing for the removal of the U.S. Ambassador to Belarus, Karen Stewart. Ambassador Stewart left Minsk on March 12 for consultations in Washington. The United States also sharply reduced its diplomatic staff in Minsk, at Belarus's request. The number of Belarusian diplomats in Washington has also been reduced.

After this low point in U.S.-Belarusian relations, the United States has appeared to attempt to improve relations, in line with the European Union's desire to engage Belarus by easing sanctions in exchange for small steps forward on democratization. In early September 2008, the United States suspended sanctions for six months on two Belneftkhim entities, while leaving sanctions on others. The move was a reward for the release of the last Belarusian political prisoners in August and an incentive to hold freer and fairer parliamentary elections on September 28. In testimony before the Commission on Security and Cooperation in Europe on September 16, 2008, Assistant Secretary of State David J. Kramer said that the United States does not seek "regime change" in Belarus, only "a change in regime behavior."

However, the overture to Belarus appeared to suffer a setback as a result of the parliamentary election. In a statement, the State Department expressed disappointment that the vote "fell significantly short" of international standards. It said that the United States would "maintain the dialogue" with the Belarusian government, but that better elections and a better human rights record would be needed before ties could improve "significantly."<sup>14</sup> The EU move in October 2008

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<sup>12</sup> White House press release, June 19, 2005, available online from the White House website at [<http://www.whitehouse.gov/news/releases/2006/06/20060619-4.html>].

<sup>13</sup> Eurasia Daily Monitor, November 29, 2007. Information on the financial sanctions can be found at the U.S. Treasury Department website, [<http://www.treasury.gov/offices/enforcement/ofac/programs/belarus/belarus.shtml>].

<sup>14</sup> "Belarus: Parliamentary Elections," State Department press statement, September 29, (continued...)

to ease travel sanctions against Belarusian leaders could signal a break in EU-U.S. unity on policy toward Belarus, as the United States has appeared more cautious in engaging the Lukashenko regime than the EU.

The United States is concerned about human trafficking in Belarus. According to the State Department's 2008 Trafficking in Persons report, Belarus is a country of origin and transit for women and children trafficked for sexual exploitation. It is listed as a "Tier 2" country. This means that it does not meet minimum standards for the elimination of trafficking, but is making "significant" efforts to do so. The report says Belarus has demonstrated "political will" to fight trafficking, but needs to do more in the protection and assistance to victims.

## **Congressional Action**

Members of Congress have spoken out strongly against human rights abuses in Belarus in Congressional hearings, floor statements, speeches and proposed legislation. In the first session of the 108<sup>th</sup> Congress, the Belarus Democracy Act was introduced. On February 25, 2004, the House International Relations Committee unanimously approved a modified version of the bill. It authorizes aid for pro-democracy forces in Belarus, as well as funds for increased broadcasting to Belarus by Voice of America and Radio Free Europe/Radio Liberty. The bill calls for sanctions on Belarus, including expressing the sense of the Congress in favor of a visa ban against senior Belarusian officials; a prohibition on strategic exports to Belarus; a prohibition on U.S. financial assistance to the Belarusian government; and expressing the sense of the Congress that the United States should oppose multilateral financial aid to Belarus. These conditions would remain in place until Belarus meets specific democratic and human rights criteria. The President can waive the sanctions if he certifies that it is in the U.S. "national interest" to do so. The bill expresses the sense of the Congress that the President should coordinate with European countries to take similar measures against Belarus.

The bill also requires the President to report within 90 days and every year thereafter on the sale of weapons or weapons-related assistance to regimes supporting terrorism, and on the personal wealth of Lukashenko and other senior Belarusian leaders. While supporting the bill's objectives, the Administration opposed mandated sanctions included in previous versions of the bill, saying they would reduce needed diplomatic flexibility.<sup>15</sup> The President signed the modified Belarus Democracy Act on October 20, 2004 (P.L. 108-347). On July 22, 2004, the House passed H.Res. 652 by a vote of 421-0. The resolution called on Belarus to hold free and fair parliamentary elections.

Before the Belarusian presidential election, the House and Senate each passed resolutions in March 2006 calling on Belarus to hold a free and fair vote. The House resolution (H.Res. 673) listed the shortcomings of the election campaign, called for specific improvements before the vote, and held out the possibility of better relations

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<sup>14</sup> (...continued)  
2008, from the State Department website, [<http://www.state.gov>].

<sup>15</sup> Discussions with U.S. officials.

between Belarus and the United States if the election were free and fair. The Senate resolution (S.Res. 401) contains similar provisions but adopts a more critical tone, sharply condemning the “tyranny” of the Lukashenko regime. S.Res. 530, which dealt with U.S.-Russian relations on the eve of the G-8 summit in Moscow, criticized Russia for being the only G-8 country to applaud the outcome of the Belarusian presidential election.

On July 27, 2006, Representative Christopher Smith introduced the Belarus Democracy Reauthorization Act of 2006 (H.R. 5948). The bill contains many of the same provisions as the 2004 law, such as authorizing U.S. aid for pro-democracy groups, banning U.S. aid to the Belarusian government, supporting U.S. broadcasting to Belarus, and proposing sanctions against high-level Belarusian officials. The bill was approved by the House by a vote of 397-2 on December 8 and by the Senate by unanimous consent on the next day. It was signed by the President on January 12, 2007 (P.L. 109-480). On May 6, 2008, Representative Smith introduced the Belarus Democracy Reauthorization Act of 2008 (H.R. 5970), which makes necessary updates and changes to the 2006 Act in order to reauthorize it.