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## Belarus: An Overview

In recent years, observers have debated the likelihood of change in the foreign and domestic policies of Belarus, an authoritarian state in Eastern Europe that has close economic and security ties to Russia (for map, see **Figure 1**). Although the U.S.-Belarus relationship has been difficult, the two countries recently took steps to normalize relations. Few observers anticipate major governance or foreign policy changes in Belarus in the near term. Some, however, believe incremental shifts may be possible.

### Political Overview

Belarus became independent in 1991, after the collapse of the Soviet Union. President Alexander Lukashenko was first elected president in 1994 and has led Belarus for 25 years. The country's next parliamentary elections are scheduled for November 17, 2019.

Observers consider Belarus to have an authoritarian system of governance that restricts most political and civil liberties. The U.S.-based nongovernmental organization (NGO) Freedom House gives Belarus a "freedom rating" of "not free," the same score it gives Russia.

In recent years, a debate has centered on whether the Belarusian government is taking steps to become a "softer" authoritarian regime or whether such steps are more symbolic than substantive. The government released several political prisoners in 2015. In 2016, opposition candidates were allowed to win 2 of the 110 seats in the lower house of Belarus' legislature. Some observers predict that the government will permit more opposition candidates to enter parliament in 2019. International NGOs report that the Belarusian government continues to suppress independent media and restrict freedom of assembly.

### Economy

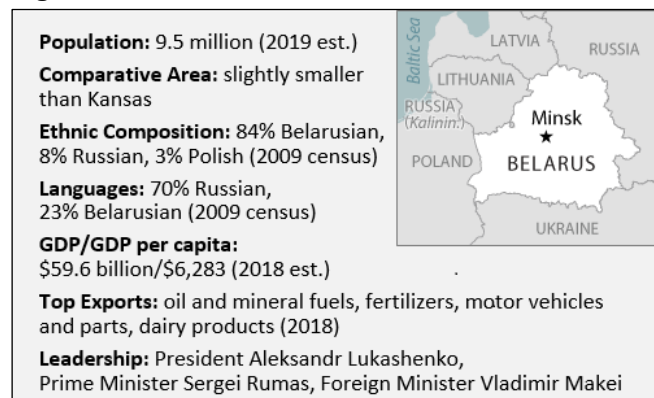
Since independence, the state has played a large role in Belarus's economy. Some argue that because the government avoided difficult market reforms, Belarus experienced a relatively milder post-Soviet decline in the 1990s than did its neighbors. At present, according to the International Monetary Fund (IMF), "reforms of the large state-owned enterprise sector are critical to tackle inefficiencies and increase potential growth." The IMF states that the Belarusian government's preference for a "gradual, incremental approach" to reform may lead to "protracted vulnerabilities."

The export of refined oil products, based on subsidized crude oil imported from Russia, plays a major role in Belarus's economy. In 2015-2016, Belarus experienced a recession amid declining global oil prices and Russia's economic downturn. Over those two years, its gross domestic product (GDP) declined by more than 6%. Economic growth recovered in 2017-2018 but is predicted

to slow again from 2019, as a result of the rising cost of Russian crude oil imports (see "Recent Belarus-Russia Disputes" below).

Russia is Belarus's largest trading partner. In 2018, almost half of Belarus's merchandise trade was with Russia. The European Union (EU) as a whole was Belarus's second-largest trading partner, making up almost a quarter of its merchandise trade. Belarus's next-largest trading partners were Ukraine (8%) and China (5%). The United States is Belarus's 7<sup>th</sup>-largest trading partner (1%). In 2018, Belarus's main exports were oil and mineral fuels (25%), fertilizers (10%), motor vehicles (8%), and dairy products (6%).

**Figure 1. Belarus at a Glance**



**Sources:** International Monetary Fund; U.N. Comtrade Database. Graphic produced by CRS.

### Relations with Russia

Belarus is one of Russia's closest security and economic partners. It is a member of the Collective Security Treaty Organization (a Russia-led alliance) and shares a joint air defense system with Russia, although Belarus declines to host a Russian military airbase that Moscow has long requested. Belarus also is a member of the Russia-led Eurasian Economic Union (EEU) and relies heavily on Russian loans and subsidized natural gas and oil.

In addition, Belarus and Russia are members of a bilateral "union state" that came into effect in 2000. In practice, this union is largely aspirational. A common labor market is the main characteristic distinguishing it from the economic integration Belarus and Russia enjoy via EEU membership.

Tensions between Belarus and Russia have increased in recent years, with the two countries at odds over oil and gas prices and supplies, Belarusian debt, and Russian border controls and trade restrictions. Although these disputes occasionally may reflect negotiating tactics more than

genuine rifts, some believe differences between the two countries are becoming increasingly difficult to reconcile.

Tensions between Belarus and Russia relate in part to Russia's 2014 invasion of Ukraine. Given the possibility that Russia could one day take similar action against Belarus to secure the two countries' integration, Lukashenko reportedly has become wary of Russian intentions and seeks to protect Belarus's national sovereignty and his regime's independence. In part, this has meant making overtures to the United States and the EU.

Nonetheless, Lukashenko is wary of popular discontent that could lead to protests and destabilization. This wariness, in addition to Russian subsidies, has encouraged him to stay close to Moscow. The Russian government, for its part, has sought maximum loyalty from Lukashenko while attempting to limit the economic cost of subsidizing his regime.

### Recent Belarus-Russia Disputes

In the last year, new disputes have arisen between Belarus and Russia regarding oil exports to Belarus and the status of their integration. In late 2018, the Belarusian government sought compensation from Moscow in anticipation of a Russian tax reform that gradually reduces informal subsidies for domestic oil supplies within Russia as of 2019. This "tax maneuver" has the added effect of increasing crude oil prices for Belarus, leading to a decline in revenues from its refined oil exports.

The Russian government has said that compensation for Belarus's losses would be possible only as part of an agreement that deepens the integration of the two countries. This is something the Belarusian government has resisted so far.

In an ostensibly unrelated dispute, Belarus temporarily suspended the operation of a Russian oil import pipeline in April 2019, a week after announcing that the pipeline would be shut for repairs in retaliation for Russian restrictions on the import of certain Belarusian products. According to Minsk, the closure resulted from the discovery of contaminated oil in the pipeline system. In a rare concession, the Russian government acknowledged the presence of the contaminated oil but blamed it on an independent supplier. After the pipeline reopened, Russia reportedly agreed to increase Belarus's oil transit fees as compensation.

In April 2019, the Russian government made another concession, agreeing to remove its ambassador to Belarus. Belarusian officials had complained that the ambassador, who had been in office for eight months, was treating Belarus more like a subject of the Russian Federation than an independent state.

### Relations with the United States and EU

U.S. and EU relations with Belarus have been challenging for many years, although all sides periodically have sought to improve relations. Efforts to achieve a new rapprochement began in 2015, in the wake of Russia's 2014 invasion of Ukraine.

After the Belarusian government released several political prisoners in 2015, the U.S. government waived human rights-related sanctions it had imposed on a major state-owned petrochemical company and eight subsidiaries. The EU suspended and then lifted most of its human rights-related sanctions on Belarus.

As of November 2019, the United States still retains human rights-related sanctions on 16 Belarusians, including Lukashenko. Sanctions on Belarus were first introduced in the Belarus Democracy Act of 2004 (P.L. 108-347, 22 U.S.C. 5811) and were expanded in the Belarus Democracy Reauthorization Act of 2006 (P.L. 109-480) and the Belarus Democracy and Human Rights Act of 2011 (P.L. 112-82).

The United States and Belarus have taken steps to normalize their relations. Since 2008, the United States has had a limited diplomatic presence but no ambassador in Belarus, originally due to restrictions imposed by Minsk. In January 2019, the Belarusian government reportedly agreed to expand the U.S. diplomatic presence in Belarus, and in September 2019, U.S. Under Secretary of State for Political Affairs David Hale and Belarusian Foreign Minister Vladimir Makei announced that the two countries were ready to exchange ambassadors "as the next step in normalizing our relationship."

Since 2015, U.S. officials have made some high-level visits to Belarus. In the Obama Administration, then-Deputy Assistant Secretary of Defense Michael Carpenter visited Minsk in 2016. In the Trump Administration, in addition to Under Secretary Hale, then-Assistant Secretary of State Wess Mitchell visited Minsk in 2018 and then-National Security Adviser John Bolton visited in August 2019.

During his September 2019 visit to Minsk, Under Secretary Hale said the United States "welcomes Belarus' increased cooperation on issues of non-proliferation, border security, economic cooperation, and information sharing on matters of shared security." Belarus reportedly also has investigated the possibility of importing U.S. oil, as part of a broader effort to diversify its sources of crude oil.

In recent years, Belarus has sought to encourage more international travel to the previously more insular country. In 2017, the government introduced a limited visa-free travel regime. In 2018, it expanded this regime, allowing 30-day visa-free airport entry to Belarus for citizens of more than 70 countries, including the United States and EU member states.

EU assistance to Belarus from 2014 to 2018 amounted to €110 million (around \$122 million at the current exchange rate). The United States provides less assistance to Belarus: around \$42 million from FY2014 to FY2018. U.S. assistance is designed to support civil society, small business development, and vulnerable populations.

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