

# Russia seeks to ease tensions with Belarus over energy dispute

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25 February 2020

In an effort to ease tensions with Belarus, Russia has offered to compensate the neighboring state \$300 million to offset the effect of changes made to oil export taxes instituted in 2018. According to Belorussian President Alexander Lukashenko, who announced the deal late last week, the country has sustained \$430 million in losses due to the tariff regime. The Kremlin has yet to publicly confirm details of the agreement, but Russian Energy Minister Alexander Novak stated the government was contemplating a \$2 per ton price cut for the Belorussian market.

Last week's deal came about 10 days after face-to-face talks between Lukashenko and Russian President Vladimir Putin failed to produce a solution to the dispute between the two countries. The Belorussian leader then threatened to siphon off Russian oil transiting through Belarus via the Druzhba pipeline, which delivers a million barrels a day to the European market.

Moscow has long supplied Minsk with below-market-value oil, which the state has then directed toward domestic use and foreign resale. According to Rosneft, Russia's low-cost supplies account for 50 percent of Belorussian consumption. Economists estimate they have amounted to a subsidy equivalent to about 3 percent of Belarus' gross domestic product. This economic boost, however, was eroded by the changed tax structure imposed in 2018.

After a contract between the two countries expired in January, Russia briefly cut oil deliveries to Belarus. Although a temporary agreement was reached, Russian supplies continued to remain low. Minsk made up for the deficit with oil purchases from Norway, delivered by way of NATO member state Lithuania. The government is also in negotiations with the United

States and Saudi Arabia to secure oil via American ally Poland.

The oil price dispute between Russia and Belarus is part of a larger geopolitical conflict. In an effort to isolate Russia, both the United States and Europe are working to draw Belarus into their orbit and undermine the historically close ties between Minsk and Moscow.

Despite being longstanding allies, an agreement signed between Russia and Belarus in the late 1990s to form a political and economic union has failed to come to fruition. In mid-February, Lukashenko declared the Kremlin's push for some type of formal unification to be an attack on Belorussian sovereignty. "By integration, they mean takeover of Belarus," he stated, declaring that Moscow was using its power as an energy supplier to dominate the country. "They are already saying, become part of Russia, then we will supply spare parts, then there will be other prices for oil and gas."

In a crazed outburst of war-mongering, Ukraine's far-right, American-allied government appealed to Belarus last week to not be overly "calm and patient" but initiate military action against Russia. Insisting that Moscow likely intends to "start killing you," Ukrainian Foreign Minister Vadym Prystaiko declared that Minsk could, under foreign pressure, either "be prudent and calm—and lose, or start fighting right now."

As the Belorussian-Russian oil price dispute was unfolding this month, representatives of Minsk were meeting with the US-allied government in Georgia. Declaring the country to be "an important and reliable" ally, Belorussian officials outlined plans for greater bilateral investment in agriculture and industry. The aim, they stated, is to bring trade turnover between the countries to \$200 million a year. While this amounts to a tiny fraction of Belarus' turnover with Russia, Minsk

is making clear that it is seeking to develop closer ties with Western-allied governments in the region.

The European Bank for Reconstruction and Development (EBRD) has dramatically increased investment in Belarus. In 2019, it poured an unprecedented \$433 million into the country. The EBRD's Belorussian portfolio is expected to climb to \$600 million this year.

After more than a decade of sanctions, justified on the basis of Lukashenko's human rights abuses, Washington is now rebuilding relations with Minsk. US Secretary of State Mike Pompeo visited Minsk in early February, the first time a government representative had been in Belarus in over 15 years. The US also recently appointed an ambassador to the country and announced plans to increase embassy staff.

In November 2019, the US said it would support efforts by Belarus, whose imports and exports are currently overwhelmingly dominated by the Russian market, to join the World Trade Organization (WTO). Negotiations on ascension are expected to conclude at the end of 2020 or the start of 2021.

Speaking last year, American Chargé d'Affaires Jennifer Moore, the highest ranking US official in Belarus at the time, made clear that in return for US backing, Washington expects of Minsk a "commitment of a political nature" and the removal of whatever obstacles remain to the penetration of the country by American and international capital.

"Along the way forward we will help Belarus implement such changes so that all companies—private and state ones alike, domestic and foreign ones—could compete on equal footing. I am talking about the relevant price regulations and certainly it is necessary to ease up business operation regulations, including trade terms. If the terms are equal, new opportunities will emerge, including opportunities for American entrepreneurs to work in Belarus," Moore stated.

A February 18 article put out by Chatham House, a top foreign policy think tank in Great Britain, lamented Lukashenko's failure to completely break ties with Russia and welcome IMF-style austerity. The author called on Western powers to intervene in Belarus and work to build an opposition allied to Washington and Brussels.

"Lukashenka [sic] is unlikely to still be president in 10-15 years, so policymakers should develop relations

with the broader ruling elite, which will remain after he leaves, and try to be present in Belarus as much as possible helping it to improve public governance and develop private businesses," writes Ryhor Astapenia. "The West should also support the country's civil society and independent media, for whom Belarusian independence is a matter of principle rather than something to be bargained away. Lukashenka may be a strong leader, but the state he has built is weak."

The real attitude of the Western powers towards Belarus was highlighted in a recent article by Fred Kaplan in the online magazine Slate. In an article discussing the wisdom of using low-yield nuclear weapons in a conflict with Moscow, Kaplan reports that during secret anti-Russian war games conducted under the Obama administration, one of the scenarios practiced involved the nuclear annihilation of Belarus.

"The [National Security Council's] principals decided we *had* to respond with nuclear weapons, to maintain credibility among our allies and adversaries. They decided to fire a few nuclear weapons at the former Soviet republic of Belarus, even though, in the game, it had no involvement in the Russian attacks," he writes.



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