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# BULLETIN

## **Prospects for Belarus-Ukraine Relations**

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Belarusian-Ukrainian relations began to deteriorate last August when Belarus handed over to Russia—instead of Ukraine—pro-Russia mercenaries detained in Minsk who were fighting in Donbas. Ukraine has joined the EU's sanctions regime against Belarus and the countries have enacted mutual trade restrictions. Bilateral relations are likely to deteriorate further.

**Relations before the Crisis.** The main factor determining Belarusian-Ukrainian relations is the attitude of the two countries to Russia. Belarus' membership in the Collective Security Treaty Organisation (CSTO) and its <u>integration with</u> <u>Russia within the Union State</u> are perceived by Ukraine as security threats. There was a belief among Ukrainian decisionmakers that Ukraine should support the sovereignty of Belarus by developing trade relations with it and maintaining friendly political contacts. This was to prevent Alexander Lukashenka from becoming isolated and Belarus becoming more dependent on Russia.

Before the crisis, the level of bilateral trade increased from \$3.4 billion in 2014 to \$5.7 billion in 2019. The development of economic contacts was fostered at the highest level, including the organisation of the Forum of Regions of Belarus and Ukraine with the participation of the presidents of both countries. During the two editions of the Forum, contracts worth around \$600 million were signed. Despite a positive trade balance (\$4.1 billion in exports and \$1.6 billion in imports), Belarus is more dependent on Ukraine due to lessdiversified exports. Petroleum products play a key role in bilateral trade: about 30% of Ukraine's fuels come from Belarus, while about 40% of Belarus' exports of these products go to Ukraine. This creates a mutual dependency in the fuel sector. So far, Ukraine has been unable to restrict imports from Belarus because prices for both the products and transport are low. Belarus' dependence on exports to Ukraine did not raise any concerns until recently because of the low political risk, in contrast, for example, to EU sanctions on exports of petroleum products.

The Crisis in Bilateral Relations. The situation began to deteriorate in August last year when the Belarusian authorities

handed over to Russia members of the Wagner Group, a private military company whose mercenaries who had taken part in the war in Donbas on the Russian side. This took place despite intensive efforts by the Ukrainian authorities to get them sent to Ukraine. Lukashenko was aiming to secure Russia's support in the political crisis following the rigged presidential elections of 9 August this year. This move dispelled Ukraine's doubts about Lukashenko's ability to a policy of balance between Russia and pursue Ukraine/Western states. Bilateral relations were further exacerbated when Lukashenko, in August and September last year, repeatedly accused Ukraine of subversive activities in Belarus. This encouraged the Ukrainian government, which was initially reticent about involvement in the Belarusian political crisis, to toughen its policy. On 17 August, Ukraine summoned its ambassador in Minsk for consultations, then on 28 August suspended diplomatic relations with Belarus. On 23 September, Ukraine declared, along with the EU, that it did not recognise Lukashenko as the legitimate president of Belarus. Months earlier, on 30 November 2020, Ukraine joined the EU sanctions targeting Lukashenko's entourage.

<u>The Belarusian opposition protests</u> prompted Lukashenko to strengthen relations with Russia to defend his political position. Subsequently, <u>he has also strengthened cooperation</u> <u>in the military and intelligence spheres</u>. In Ukraine, this has raised the perceived threat of <u>a potential Russian invasion</u> from Belarusian territory, as noted in May this year by the head of the Security Service of Ukraine. To counter it, Ukraine has strengthened its northern border.

The Ukrainian government has taken advantage of the crisis in political relations with Belarus to introduce trade restrictions to protect its automotive industry. In April, Ukraine imposed

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a 35% duty on imports of buses and lorries from Belarus in response to restrictions on the import of vehicles from outside the Eurasian Customs Union. Following <u>the forced landing of</u> a commercial plane carrying Belarusian opposition activist Raman Pratasevich by Belarusian military jets in May, Ukraine suspended all flights to Belarus, cutting off Belarusian airlines from an important market (since 2015, when Ukraine suspended direct flights to Russia, Minsk had been a hub on the Kyiv-Moscow route). In response to these restrictions, the Belarusian authorities introduced a licensing requirement for specific goods exported from Ukraine to Belarus.

Despite the coarsening of relations, Ukraine has not joined <u>the</u> <u>sectoral sanctions introduced by the EU in June</u>, which include a ban on the import of petroleum products, key to the Belarusian economy (oil processing alone accounts for about 16% of Belarusian GDP). However, Ukraine is preparing to restrict their import from Belarus—the company Ukrtatnafta has increased oil processing since 1 August this year.

Ukraine, however, has not pursued an active policy of supporting the Belarusian opposition. Despite Ukraine not recognising Lukashenko as president, there has still been no meeting between the leader of the Belarusian opposition, Sviatlana Tsikhanouskaya, and the Ukrainian President Volodymer Zelensky (only an informal conversation during the latter's visit to Vilnius). Zelensky probably believes that the benefits of such a meeting for Ukraine would be insignificant compared to the potential costs of Lukashenko's inevitable response.

Several other areas of contention could deepen the crisis in bilateral relations. Ukraine is investigating the deaths on its territory of two Belarusians-journalist Pavel Sheremet and the head of the Belarusian House in Kyiv, Vitaly Shishov. Both cases are suspected political murder by Belarusian and Russian intelligence services. Confirmation of this would force the Ukrainian authorities to introduce further restrictions on the Belarusian regime. Bilateral relations may also deteriorate if Ukraine pulls out of the Minsk Process as a venue for talks on the conflict in Donbas. The Ukrainian government has stated that it will not travel to Belarus for the talks, which due to the pandemic are being held online. The ongoing demarcation of Belarusian-Ukrainian border the and Lukashenko's announcement that flights will start from Minsk to occupied Crimea are other potential areas of contention.

**Conclusions and Perspectives.** Unlike EU countries which have unambiguously supported the Belarusian opposition, Ukraine so far has tried to avoid confrontation with the Lukashenka regime. However, in accusing Ukraine of hostile activity and by tightening cooperation with Russia, Lukashenka is perceived by the Ukrainian authorities and experts as a source of danger rather than stability. This has prompted Ukraine to toughen its policy towards Belarus. Given the many contentious issues, the crisis in bilateral relations may deepen, although diplomatic relations are unlikely to be severed. Belarus may, in turn, intensify the activities of its special services on Ukrainian territory, especially those directed against Belarusians and military targets.

Belarus and Ukraine have broken with the policy of maintaining beneficial trade relations independent of periodic political tensions. Given its heavy dependence on Belarusian petroleum products, it is unlikely that Ukraine will join the EU's sanctions on this sector or introduce its own restrictions, especially on fuel imports. Likewise, Belarus will not introduce an embargo on its exports to Ukraine. Ukraine's demand for petroleum products may be met by an increase in production from domestic refineries and imports, including from Poland. However, this would lead to an increase in prices in Ukraine and would make it difficult to implement the road construction programme, due to the dependence on Belarusian bitumen. Further restrictions on trade in other goods are likely to be introduced.

Poland, together with other NATO states, may seek through the International Advisory Group to complete the reform of the Security Service of Ukraine to strengthen that country's counterintelligence capabilities. This would allow closer NATO-Ukraine cooperation in this area in the future. Poland may also seek to develop cooperation in the petrochemical industry by promoting its exports and investments in Ukraine to reduce the latter's dependence on imports of Belarusian petroleum products. This would enable Ukraine to join the EU's sectoral sanctions against Belarus without harming its economy, thus increasing the effectiveness of EU pressure on the Lukashenka regime.