

ECONOMIC CHALLENGES TO NATIONAL SECURITY OF THE REPUBLIC OF BELARUS

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The purpose of this article is to analyze the new challenges faced by the Republic of Belarus in the economic sphere, based on current geopolitical reality, as well as to provide recommendations for eliminating emerging threats. The imposed sanctions have led to a reduction in trade between Belarus and its neighbors (Lithuania, Latvia, Poland and Ukraine). The proposed solution for Belarus is to diversify foreign trade and actively strengthen economic cooperation with the countries of the so-called “far arc”, such as China, India, Qatar, Iran, Venezuela and Vietnam. The results obtained indicate that the Republic of Belarus is contributing to the transformation of the system of international relations in Eurasia and is actively looking for new ways to ensure its economic security.

Keywords: National security; economic security; Belarus; trade relations; Eurasian Economic Union (EAEU).

ЭКОНОМИЧЕСКИЕ ВЫЗОВЫ НАЦИОНАЛЬНОЙ БЕЗОПАСНОСТИ РЕСПУБЛИКИ БЕЛАРУСЬ

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Целью данной статьи является анализ новых вызовов, с которыми сталкивается Республика Беларусь в экономической сфере, исходя из текущих геополитических реалий, а также предоставление рекомендаций по устранению возникающих угроз. Санкции, введенные рядом государств, привели к сокращению торговли между Беларусью и ее соседями (Литвой, Латвией, Польшей и Украиной). Предлагаемое решение заключается в том, чтобы Беларусь диверсифицировала внешнеторговые связи и активно укрепляла экономическое сотрудничество со странами так называемой «дальней дуги», такими, как Китай, Индия, Катар,

Иран, Венесуэла и Вьетнам. Полученные результаты свидетельствуют о том, что Республика Беларусь поддерживает трансформацию системы международных отношений в Евразии, активно ищет новые пути обеспечения своей экономической безопасности.

Ключевые слова: национальная безопасность; экономическая безопасность; Республика Беларусь; торгово-экономические отношения; Евразийский экономический союз (ЕАЭС).

The draft National Security Concept of the Republic of Belarus, adopted in March 2023, identifies the following as the main external sources of threats to national security in the economic sphere:

- deterioration of conditions for foreign trade and for attraction of credit and investment resources due to unfavorable conditions on world markets and to the introduction of unjustified economic sanctions (restrictive measures);

- adoption of protectionist measures by foreign states, the establishment of barriers and discriminatory conditions for carrying out export-import operations;

- development of transit corridors, systems for transporting raw materials and energy resources, alternative to those available in the Republic of Belarus, purposefully limiting its transit capabilities;

- worsening financial imbalances and high volatility in global currency and stock markets [1].

The purpose of this work is to determine the new challenges to the national security of the Republic of Belarus in the economic sphere in the early 2020s, and to make proposals how to tackle new sources of threats.

The changes of the economic security environment.

The structure of the economy and foreign trade of the Republic of Belarus is influenced by the distinctive characteristics and geographical position of its industrial complex. During the Soviet period of history, a developed complex of industrial enterprises was created in the republic (Minsk Automobile Plant (MAZ), Minsk Tractor Plant (MTZ), oil refining and potash fertilizer production enterprises). Their products were exported to other republics of the USSR as well as outside the Soviet Union. Since the collapse of the Soviet Union, Belarus has pursued an export-oriented national economic strategy while fostering a bilateral political and economic relationship with Russia. After the collapse of the Soviet Union, the Republic of Belarus retained its export-oriented economy. In 2019, exports accounted for 52 % of GDP [2, p. 19]. About half of the country's foreign trade — 41,5 % of exports and 55,8 % of imports — fell on the Russian Federation [2, p. 19]. Additionally, Belarus relies on Russia for loans, financial assistance, and subsidized pricing of oil and natural gas, which substantially contribute to its energy production and output, accounting for one-third of the country's gross national product.

At the same time, Belarus doesn't have access to the sea and has to rely on its neighbors — Lithuania, Latvia, Poland, Ukraine, and Russia — to get an access to the waters of the World Ocean. The shortest route runs through the territory of Lithuania, to the port of Klaipeda at the Baltic Sea. Before 2020, Belarus considered Lithuania and Latvia in the Baltic Sea region as its gateway to the sea. Despite the relatively small scale of trade between Belarus and these countries, they played a crucial role in establishing a network for the distribution of Belarusian goods and expanding the export of Belarusian products to the region and the Scandinavian Peninsula. They ensured unhindered transit and contribute to the growth of trade volume, making the development of economic and trade relations with the Baltic.

At the start of the XXI century, despite the rather cold political relations between Belarus and the European Union, the economic ties of Minsk with some of its western neighbours have developed steadily. In 2010s, EU was second-largest trading partner of Belarus. Belarus maintained harmonious trade relations with European countries such as Germany, Poland, the Netherlands, Lithuania, Belgium, France, which accounted for one-third of Belarus' total trade. In 2016—2019, the United Kingdom was the third-largest partner in export after Russia and Ukraine [2, p. 56]. Minsk hoped to promote its economic modernization by friendly interaction with EU neighbors and by leveraging the EU's funds and technology.

Unfortunately, the situation has changed after the presidential elections in Belarus in 2020. The aggravation of political contradictions between Minsk and Western countries was followed by the introduction of sensitive economic sanctions by the EU, starting in 2021. Lithuania denied the Republic of Belarus the opportunity to continue the transit of goods (including potash fertilizers) through its territory. The situation was further aggravated by the outbreak of a full-scale armed conflict between Russia and Ukraine in February of 2022, in which Minsk supported Moscow. The EU states have further tightened sanctions against Minsk. In addition, Belarus lost the transit export route to the Black Sea through the territory of Ukraine. Belarusian-Ukrainian trade has practically stopped [3].

The Presidential Decree No. 93, published in March 2022, outlined measures aimed at safeguarding the Belarusian economy against unfavorable actions [4]. In April 2022, the Council of Ministers of Belarus issued a list of foreign countries, including the United Kingdom, the United States, Canada, and all EU member states, which were identified for engaging in hostile activities against Belarusian legal entities and individuals [5]. Subsequently, in July 2022, the Council of Ministers adopted Resolution No. 436, which prohibited the sale of shares in 190 publicly traded companies identified as “unfriendly” to investment.

After the start of the military conflict between Russia and Ukraine, Belarus, as Russia's national security strategic alliance partner, has faced unjustifiable

international sanctions and has incurred significant costs. The proportion of Belarus' foreign commerce involving Russia has increased from about 45 % in 2021 to over 60 % by 2022 [6]. As of June 2023, trade in goods between Belarus and the Russian Federation has surged to nearly 70 % of the overall commerce [7].

Thus, a sharp change in the foreign policy situation in the early 2020s led to significant challenges to the economic security of Belarus. Firstly, the only remaining transit route for Belarusian goods to the World Ocean passes through the territory of Russia, but it is much longer, which leads to an increase in the cost of transportation and to an increase in the cost of Belarusian export products as well. Secondly, the introduction of sanctions against Belarusian producers led to a reduction in trade with Western countries, that increased the Russian share in Belarusian foreign trade and increased dependence on Moscow. Finally, due to close economic integration within the Union State, the Belarusian economy began to feel any negative changes in the Russian one. Following the Russian ruble, which significantly devaluated in the summer of 2023, the Belarusian ruble also has weakened. The economic and trade crises, which have been triggered by geopolitical turbulence, pose a significant threat to Belarus' national security and its prospects for sustainable economic development.

Proposals.

To mitigate the adverse effects of sanctions, Belarus is actively engaged in diversifying its diplomatic efforts and pursuing a strategy of balanced and constructive relationships. As a member of the Eurasian Economic Union (EAEU) and the Commonwealth of Independent States (CIS), Belarus aims to enhance economic cooperation with post-Soviet countries. This collaboration is focused on implementing long-term investment projects in sectors such as heavy machinery, potash fertilizers, agricultural products, healthcare, and industrial cooperation within the framework of the EAEU.

Belarus also develops relations with the countries of the so called "far arc", including India, Qatar, Iran, Venezuela, and Vietnam. This diversification of cooperation serves two primary objectives: reducing Belarus' dependence on Russia and facilitating exploration of new export markets. Additionally, it strengthens multilateral political relations, resolves transportation and energy transit issues, and expands the legal framework for multilateral national security relations. These endeavors provide Belarus with a broader path for economic development and contribute to the strengthening of humanitarian ties. However, the trade engagement with the countries of the "far arc" faces significant challenges, primarily attributable to considerable transit costs. The solution is seen in the creation of joint ventures abroad, which would allow Belarusian enterprises to sell products locally and make a profit at the same time.

Belarus considers its collaboration with China as of a great importance. In 2015, Alexander Lukashenko and Xi Jinping inaugurated the Belarus-China "Great Stone" Industrial Park, which is aimed to focus on key sectors of economy

such as machinery manufacturing, electronic communications, biotechnology, new materials, warehousing and logistics, e-commerce, and big data storage and processing. The list of the most robust common projects includes the start of the first phase of the integrated production facility at the Vitebsk Veterinary Pharmaceuticals Plant, the completion of the Smarhon medium-density wood fiberboard production line, the development of the Brest refrigeration facility, and the construction of the third phase of the Minsk Oblast Refrigeration Plant. In March 2023, Belarus and China have signed the “Joint Statement of the People’s Republic of China and the Republic of Belarus on further developing the all-weather comprehensive strategic partnership between the two countries in the new era” with the primary goal of advancing high-tech industrial cooperation, with a particular emphasis on promoting joint ventures in diverse sectors such as automobile (electric) vehicle assembly, agricultural production, energy, and biotechnology [8]. These projects will help to improve Belarus’ scientific and technological skills while also acting as a new driving force in the country’s development.

Conclusion.

Belarus has always adhered to a pragmatic and interest-driven diplomacy. Nevertheless, the negative change in the political situation in Eastern Europe and the deterioration of relations with the countries of the European Union have sharply narrowed the opportunities of Minsk for positioning itself as a link between the West and the East, and also increased the risks for its economic security. In the future, Belarus will strive to promote economic growth, maintain social stability, and safeguard national sovereignty, independence, and security. These will be the main tasks facing the country. By developing relations with other countries of Eurasia, it supports such integration associations and forums as the Eurasian Economic Union, Shanghai Cooperation Organization, and BRICS. Thus, the Republic of Belarus supports the formation of a new system of international relations in Eurasia and seeks new ways to ensure its economic security.

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