

◀ THE 6TH ALL BELARUSIAN PEOPLE'S ASSEMBLY: KEY TAKEAWAYS

From a political crisis to seeking new models for organising the political system

February 2021

SUMMARY

On 11–12 February, the All Belarusian People's Assembly (ABPA) met in Minsk¹. The event is being seen as the authorities' response to the ongoing political crisis in the country sparked by enduring mass protests in the aftermath of the August 2020 Presidential election.

The ABPA is regarded as an instrument for resolving the political stand-off that has emerged from the crisis, making it highly relevant to corporate government relations departments interacting with the Belarus state authorities.

No draft of a new constitution was presented at the ABPA meeting, contrary to President Lukashenko's announcements in the autumn of 2020:

- › a constitutional reform was supposed to become a compromise option for resolving the acute political crisis in the country;
- › some elements of democratisation in Belarus – particularly delegating some Presidential powers to the Parliament and the Government, developing the party system, introducing a ban on holding Presidential office for more than two consecutive terms – were expected to help curtail the protest sentiments;
- › adopting a new Constitution was also supposed to launch a renewal of the political elite in Belarus through holding an early Presidential election and ending Alexander Lukashenko's tenure as President;
- › additionally, a constitutional reform could have brought to life a broader reform agenda, reducing the role of the State in the economy, launching privatisation, limiting the powers of the security, law enforcement, and military agencies, including with respect to interaction with businesses and foreign investors.

The abandonment of these plans and the current President's rhetoric signify that Alexander Lukashenko is trying to build an alternative power transition strategy. By late 2020, political topics had all but disappeared

¹ Since 1996, the ABPA has been a political conference of Alexander Lukashenko's supporters. It is attended by heads of state bodies, enterprises, pro-government NGOs, etc. With the outbreak of the political crisis, the ABPA has been promoted as a possible mechanism for resolving domestic political contradictions and a venue for dialogue between the authorities and the opposition.

from the ABPA agenda. Still, the meeting saw the authorities announce their approaches to the principal political and economic issues and outline their policies for the near future.

A draft of a new Constitution should be presented by the end of this year, with a referendum on it to be held simultaneously with local elections (in December 2021 or January 2022).

Therefore, the political and legitimacy crises are becoming protracted and will not be resolved soon.

This situation was made possible by:

- › the protests shrinking across the country (primarily because they are suppressed by force);
- › the President reasserting his control over state bodies, including law enforcement.

Lukashenko's potential resignation is off the table for now. Delaying the constitutional reform and political transformations preserves the uncertainty regarding the future political model and re-distribution of power between the different branches.

Additionally, there are still major risks of the political crisis in Belarus escalating further as a result of:

- › a resumption of protests in the spring of 2021 against the backdrop of Alexander Lukashenko's falling popularity and growing mistrust in government institutions;
- › a deepening political and economic crises as a consequence of:
 - › Belarus' continued international isolation (the European Union and the US may impose new sanctions);
 - › Russia's influence, since its role in Belarus's domestic politics has increased significantly (financial and political support from Moscow).

From the point of view of businesses, this situation is fraught with several consequences:

- › increasing risks for foreign businesses from the escalation of the political situation. The factor of political loyalty of businesses will gain in importance;
- › law enforcement agencies wielding more influence on both the activities of civilian agencies and interaction with businesses (control over economic activities, foreign investment, etc.);
- › public sector development being prioritised, with privatisation plans suspended.

Below, we consider the prospects for resolving the crisis and investors' possible strategies in more detail.

THE POSSIBILITY OF A NEW WAVE OF PROTESTS AND STRENGTHENING THE PRESIDENTIAL/SECURITY-MILITARY-LAW ENFORCEMENT COMPLEX

Domestic political tensions remain

A Government-organised survey quoted at the ABPA found Alexander Lukashenko to have the confidence of over 66% of Belarusians. However, polls conducted by non-governmental Belarusian and foreign pollsters show that confidence to be around 25-30%, with his negative rating significantly higher at up to 50% for the last eight months².

² According to several polls, Lukashenko is less popular than the imprisoned banker Victor Babariko, who intended to run in the last Presidential election but was arrested and barred from running.

Constitutional reform prospects

Constitutional reform is being delayed, but it should ultimately re-distribute power between the branches of government and somewhat limit that of the President:

- › by ABPA resolution, a working group was created to draft a new Constitution by the end of 2021. The referendum on adopting the new Constitution is supposed to be held simultaneously with the local elections in December 2021 or January 2022;
- › the authorities have not yet decided on the concept for political reform, but some features of the new model have already been announced. First and foremost, they include preserving strong Presidential power yet transferring some powers to other bodies – the Parliament, the Government and local government bodies.
- › A proposal was voiced to grant the ABPA constitutional status and institutionalise it as a standing body. Its status, power, and the procedure for convening it remain unclear:
 - › under the general plan, the ABPA is supposed to be charged with supervising other government bodies and determining overall strategic areas for economic and political development. Hence, the reform might produce a new political influence centre in the Belarusian political system.
- › The plans also include boosting the role that parties loyal to the authorities play in political decision-making and increasing the number of their representatives in the Parliament and on local councils. A proportional or mixed election system may be introduced. With these goals in mind, the Ministry of Justice will, within a one-year time frame, re-register party organisations. This might eliminate a significant number of political opposition bodies.

Transition of power

No clear plan for Alexander Lukashenko's resignation from the office of President was announced at the ABPA:

- › Belarusian authorities will strive to delay the transition of power. They need the time to create tools for Lukashenko to keep his political influence;
- › the conditions Lukashenko put forward for his eventual resignation – absence of protests, security guarantees for Government supporters, preserved control over making the key decisions – make it impossible to implement this scenario during the coming year;
- › according to the authorities, early Presidential elections should not be held before 2022; such plans were mentioned at the OSCE and at the talks with Russia in August-September 2020. If the situation plays out well for the Government, Alexander Lukashenko will stay in office until his term ends in 2025.

Re-organisation of the civil service and bolstering the security/military/law enforcement complex

In the near future, the civil service may be reorganised with the aim of introducing stricter control and discipline as it is done in the security/military/law enforcement agencies:

- › ABPA discussions highlighted the need to tighten political control over the State machinery where, according to Lukashenko, up to half of all staff sympathise with the opposition. The details of this plan were not revealed, however, and so it is difficult to assess the impact this step would have on the efficiency and staffing stability of the State governance system;
- › the principal means of exercising control will probably consist of further bolstering the security/military/law enforcement agencies, whose political role has been gradually increasing since 2018. Given the political crisis of 2020, both the official and unofficial influence of the special

services, particularly the Interior Ministry, have grown critically and skewed the traditional balance of different groups' interests;

- › at the ABPA, Alexander Lukashenko confirmed his intention to further boost the standing of the security/military/law enforcement complex, particularly to expand the practice of employing former staffers of the Interior Ministry and the Committee for State Security in other government bodies.

POLITICAL LOYALTY AS A FACTOR IN DOING BUSINESS

ABPA speakers repeatedly accused members of the business community of “anti-State activities”, supporting the protests, having a negative attitude towards the security/military/law enforcement agencies and the government supporters:

- › small- and medium-sized businesses, services and commerce may face the biggest problems in relation to political loyalty. The IT sector is also “politically problematic”, and that includes the High Technologies Park, which was for a long time under Alexander Lukashenko’s personal patronage. In particular, Park representatives did not speak at the ABPA, and the Park was stripped of some of its tax benefits in late 2020;
- › suspicions of disloyalty might incur arrests, closures of businesses and other forms of pressure, potentially without due process;
- › Lukashenko confirmed that he personally gave instructions to close down approximately 200 businesses in Minsk because they participated in the attempted National Strike in October 2020 and he also confirmed the political reasons for arresting certain business persons.

The ABPA’s economic agenda contained the following key messages:

- › improving the existing system in the absence of plans for marked reforms;
- › prioritising the development of the public sector and traditional economic sectors (agriculture, timber processing, fertiliser manufacturing, engineering);
- › the Government has prepared a large-scale modernisation plan to develop the public and priority sectors.

THE ROLE OF RUSSIA AND THE EURASIAN ECONOMIC UNION

Amid sanctions imposed by the West and Belarus’s domestic political crisis, Russia’s role in Belarusian foreign policy might increase, as could the country’s desire to use Eurasian integration alliances to solve its economic crisis. In particular, this may be done by raising loans from Russia and Eurasian foundations:

- › Minister of Foreign Affairs Vladimir Makey suggested that the constitutional provision of Belarus striving for a neutral status internationally should be deleted. He also suggested the foreign trade formula of 1/3 (Russia) + 1/3 (the EU, the US) + 1/3 (other states) be replaced with 50% (Russia) + 25% (the EU, the US) + 25% (other states). At the same time, these proposals do not so much demonstrate intent to change foreign policy as reflect the existing status quo. Since the 1990s, Belarus has been Russia’s military ally and Russia also accounts for about half of its trade turnover;
- › At the ABPA, the President and Vladimir Makey repeatedly showed their loyalty to Russia and their commitment to the post-Soviet integration idea. Nonetheless, there are grounds to believe that these were declaratory statements in the run-up to Alexander Lukashenko’s meeting with Vladimir Putin planned for late February 2021. Lukashenko will attempt to secure Moscow’s support, but deep integration can hardly be expected;

- › Until the political crisis is resolved, Russia may also be expected to treat major integration initiatives and investment projects with caution, because such initiatives might involve new sanctions from the EU and the US, and new agreements may not be recognised by the opposition and a significant part of the population;
- › Russia supported Alexander Lukashenko at the start of the political crisis and recognised the results of the election. Russia then outlined the following principal approaches to resolving the crisis – launching a domestic political dialogue, a program of constitutional reform followed by early elections, with Alexander Lukashenko possibly leaving office. Belarusian authorities, in turn, are striving to postpone any political changes, which could serve as a source of additional tension between the two sides.

POTENTIAL SCENARIOS

The most probable scenario is that of political reform implemented as per the rules set by the Government and launched no earlier than 2022, with 2021 spent prioritizing the tightening of controls and stabilising of the political situation. This scenario includes two possible options:

- 1) a relatively open political system is formed, with the opposition represented in State bodies and the roles of the Parliament and local government bodies significantly enhanced;
- 2) a closed political system is formed, making political participation possible for a small number of loyal parties and other political groups. In this case, the Presidential institution will remain as the strongest while the powers of the Parliament and other bodies will be slightly expanded.

A stable militarised authoritarian system based on the current political institutions is less likely to be created; equally unlikely is a change to the political system through protests and revolution.

RECOMMENDATIONS

- › In communicating with the State, businesses should demonstrate that they are apolitical and not involved in political processes in any way.
- › Since the West is perceived as a source of political threat, the attitude toward companies from the EU and the US is likely to become more cautious, but there are currently no instances of pressure being put on Western companies. During the crisis, the main pressure was exerted on local businesses and some Russian businesses (Belgazprombank). When entering the Belarusian market, it is recommended that an in-depth preliminary analysis be conducted taking account of sectoral and regulatory specifics, as well as political risks.
- › When working in closer cooperation with the public sector and particularly with State bodies, more careful account should be taken of both reputational and legal risks. Energetic cooperation with the authorities and large-scale investment projects in Belarus could attract criticism in the Belarusian and international media. In exceptional cases, there is a risk of the EU and the US imposing sanctions on companies.
- › Extreme caution should be taken when developing any corporate social responsibility program in Belarus (charity, supporting civil initiatives, etc.). The authorities may view such activities as a mechanism for energising civic activities, especially if this work is connected with developing local communities, various kinds of activism, etc.
- › Since the issue of political loyalty is already used in unfair competition, corruption episodes may increase while working with the authorities.
- › The influence of security/military/law enforcement officers on business and state governance is likely to increase. This should be taken into consideration when engaging in talks and establishing

contacts with official bodies. Additional inspections may be conducted, especially for companies that are involved in or plan CSR projects.


Generally, the timeframe and conditions of the transition of power have not yet been determined. During the transitional period, Alexander Lukashenko and his inner circle will retain power, and obtaining guarantees from the top political leadership is an important condition for doing business safely. Political tensions in society are still running high. In the medium-term, a power change by electoral means or otherwise remains possible.

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