

BELARUS' ECONOMIC RELATIONS WITH UKRAINE AND RUSSIA. TRENDS, DYNAMICS, CHALLENGES (2014–2021)

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Abstract. *The impact of the Russian-Ukrainian war in eastern Ukraine and the ongoing political crisis in Belarus were examined, as well as the key trends, forms, and features of Ukrainian-Belarusian and Belarusian-Russian economic cooperation in 2014–2021. The dynamics of foreign commerce, investment, production, and cooperation, as well as other elements that contributed to the development of the collaboration or slowed bilateral interaction, are given special emphasis. In the framework of contemporary events in Belarus, differences in foreign policy have aggravated Ukrainian-Belarusian interstate ties and accentuated the integrative tendency of Belarus-Russia relations.*

Keywords: *Economic relations, Belarus, Ukraine, Russia, Cooperation, Integration, Production, Investment, Political crisis, Trade.*

Rezumat. Relațiile economice ale Belarusului cu Ucraina și Rusia. Tendințe, dinamică, provocări (2014-2021). *Autoarea analizează principalele tendințe, forme și particularități ale cooperării economice ucraineano-belaruse și belaruso-ruse în anii 2014-2021, impactul războiului ruso-ucrainean în estul Ucrainei și al actualei crize politice din Belarus. Studiul se concentrează pe dinamica comerțului exterior, investițiilor, producției și cooperării, factori care au contribuit la dezvoltarea colaborării sau au încetinit interacțiunea bilaterală. Diferențele în politica externă au exacerbat relațiile interstatale ucrainene-belaruse și au accentuat tendința integrativă a relațiilor Belarus-Rusia în contextul evenimentelor curente din Belarus.*

INTRODUCTION

Russia's role in the post-Soviet region has been growing ever since 2008, as Russia seeks to establish a new geopolitical area of influence. Relations between the Republic of Belarus and the Russian Federation are developing in all respects, particularly since the start of the domestic political crisis in Belarus. The above-mentioned in-depth integration mechanism is currently in use within the Union State. At the same time, the quality of the Moscow-Minsk partnership has a direct impact on Belarusian-Ukrainian relations. The closer collaboration between Russia and Belarus is generating challenges in Minsk and Kyiv's cooperation. Ukraine is concerned about how closely the integration of Belarus and Russia will unfold, as this will affect the security of its borders and, therefore, national security.

Today, the economic component is the only link between Ukraine, Belarus and Russia. Ukrainian-Belarusian cooperation, on the one hand, and Belarusian-Russian cooperation, on the other, take a variety of forms in terms of foreign policy. Ukraine is on the path of European integration and aspires to join the EU and NATO. Belarus and Russia are members of post-Soviet integration organisations. Since 1999, they have been bound under the Union State Treaty. Russia's aggression against Ukraine in 2014, its annexation of Crimea, and Russia's eight-year-long war in eastern Ukraine were among the major factors that changed relations between Ukraine, Russia, and Belarus, as well as regional and global security conditions in Europe.

HISTORIOGRAPHY OF THE PROBLEM

The works of Ukrainian, Belarusian, and Russian specialists became the historiographical foundation of the investigated subject. These issues are also discussed in the publications of European and American scientists. Stepan Vasylyshyn¹, a Ternopil historian, deserves credit for his dissertation research, which disclosed the political and economic dimensions of the dialogue between Ukraine and the Republic of Belarus. Hennadiy Maksak's works², done both individually and in collaboration with Belarusian scholars, particularly scientist Denis

¹ Stepan Vasylyshyn, *Ukrayins'ko-bilorus'ki vidnosyny (1991–2014 rr.)* [Ukrainian-Belarusian relations (1991–2014)], Dys. kand. istor. nauk: spets.: 07.00.02 "Vsesvitnya istoriya", Ternopil', 2019, 298 s.

² Hennadiy Maksak, *Ukrayina i Belarus' v novykh realyakh: mezhdubezopasnost'yu y ekonomyky. Analitychnyy dokument Rady zovnishn'oyi polityky "Ukrayins'ka pryzma"*

Yurchak³ and international analyst Yauheni Preiherman⁴, are of significant interest. Olena Betliy⁵, Tetyana Zosymenko⁶ and others are among the Ukrainian authors whose works have primarily contributed to the theoretical understanding of Ukrainian-Belarusian relations.

As evidenced in 2019, great attention was previously paid to the topics investigated⁷, particularly the trade and economic relations between Ukraine and Belarus in the monograph *Belarus: socio-economic aspects of development (late 80's of XX – early XXI century)*.⁸

The work of Belarusian historian Denis Yurchak⁹ stands out in the context of this study because it highlights the peculiarities of the political dialogue be-

[Ukraine and Belarus in new realities: between security and economy. Analytical document of the Foreign Policy Council "Ukrainian Prism"], Berezen', 2016, <http://prismua.org/ua/belarus-ua> (Accessed on 20.11.2020).

³ Hennadiy Maksak, Denis Yurchak, *Sotrudnichestvo Respubliki Belarus' i Ukrainy v novykh geopoliticheskikh usloviyakh* [Cooperation between the Republic of Belarus and Ukraine in new geopolitical conditions], Minsk, 2014, 40 s.

⁴ Yauheni Preiherman, Hennadiy Maksak, *Belorussko-ukrainskiye otnosheniya v kontekste vnutripoliticheskogo krizisa v Belarusi* [Belarusian-Ukrainian relations in the context of the internal political crisis in Belarus], Kyiv, Dekabr', 2020, 22 s.

⁵ Olena Betliy, Yauheni Preiherman, *Audyt zovnishn'oyi polityky Ukrayiny: Ukrayina – Bilorus'* [Audit of foreign policy of Ukraine: Ukraine – Belarus], "Dyskusiyna zapyska" [Discussion note], Kyiv, 2016, 55 s.

⁶ Tetyana Zosymenko, *Ukrayina-Bilorus'. Analitychnyy dokument Rady zovnishn'oyi polityky "Ukrayins'ka pryzma"* [Ukraine-Belarus. Analytical document of the Foreign Policy Council "Ukrainian Prism"], Sichen', 2021, <http://prismua.org/ukraine-belarus/> (Accessed on 26.03.2021).

⁷ Oksana Valion, *Interstate cooperation of Ukraine and the Republic of Belarus at the present stage: a trade-economic aspect*, "Ukrayina-Yevropa-Svit", Ternopil', TNPU im. V. Hnatyuka, 2019, Vyp. 22, p. 23-32; Lesia Aleksiievets, Oksana Valion, *Trade and Economic Cooperation Between Ukraine and the Republic of Belarus: Historical Discourse (1991–2020)*, "Ukrayins'kyi istorychnyy zhurnal", 2021, No. 4, p. 114-126.

⁸ Oksana Valion, *Bilorus': sotsial'no-ekonomichni aspekty rozvytku (kin. 80-kh rr. XX – poch. XXI st.)* [Belarus: socio-economic aspects of development (late 80's of 20th – early 21st century)], Ternopil', Aston, 2014, 274 s.

⁹ Denis Yurchak, *Belarus' – Ukraina: 20 let mezhgosudarstvennykh otnosheniy* [Belarus – Ukraine: 20 years of interstate relations], Vitebsk, UO "VGU im. P. M. Masherova", 2012, 280 s.; Denis Yurchak, *Belorussko-ukrainskiye otnosheniya v 1991–2017 gg.* [Belarusian-Ukrainian relations in 1991–2017], "Postsovetskiye issledovaniya" [Post-Soviet Studies], 2018, T. 1, No. 1, p. 79-89.

tween Belarus and Ukraine, the dynamics of mutual trade between the two countries, the impact of the 2014 Ukrainian crisis on bilateral relations, and other issues. Belarusian researcher Hryhoriy Astapenya reveals the current dynamics of Belarusian-Russian relations in political, economic and military dimensions.¹⁰ Of interest in the context of the analysis of the features and specifics of economic relations between Belarus and Russia are the publications of Belarusian scientists and analysts Dmitriy Demichev¹¹, Yuri Shevtsov¹², Arseny Sivitski and Yuriy Tsarik¹³ etc. It is worth noting the large-scale and comprehensive seven-volume work on the history of Belarus: *Republic of Belarus – 25 years of creation and accomplishment*¹⁴, prepared by specialists of the National Academy of Sciences of Belarus.

Among the Russian authors who have written about Russian-Belarusian relations and integration, the analytical investigations of Aleksey Shurubovich¹⁵, Ksenia Boryshpolets, Stanislav Chernyavsky¹⁶ and Irina Selivanova¹⁷ are worth mentioning.

¹⁰ Grigoriy Astapenya, *Belorussko-rossiyskiye otnosheniya s perspektivy Minska: formal'nyy soyuz i fakticheskaya dezintegratsiya* [Belarusian-Russian relations from the perspective of Minsk: formal union and actual disintegration], "Nowa Polityka Wschodnia" [The New East Politic], 2016, No. 2 (11), p. 43-56.

¹¹ Dmitriy Demichev, *Torgovo-ekonomicheskije otnosheniya Respubliki Belarus' i Ukrainy* [Trade and economic relations of the Republic of Belarus and Ukraine], "Ekonomicheskij zhurnal" [Economic journal], 2000, No. 4, p. 75-83.

¹² Yuri Shevtsov, *Obyedinennaya natsiya. Fenomen Belarusi* [United Nation. The phenomenon of Belarus], Minsk, Izdatel'stvo "Yevropa", 2005, 256 s.

¹³ Arseny Sivitski, Yuriy Tsarik, *Belarus' v EAES: god spustya* [Belarus in the EAEC: a year later], Minsk, Tsentr strategicheskikh i vneshnepoliticheskikh issledovaniy, Minsk, 2016, 18 s., http://csfps.by/files/belarus_in_the_eaec.pdf (Accessed on 15.10.2020).

¹⁴ N. Abramchuk (Ed.), *Ekonomicheskoye razvitiye. T. 3* [Economic development, Vol. 3], in *Respublika Belarus' – 25 let sozidaniya i sversheniy. V 7 t.* [Republic of Belarus – 25 years of creation and achievements. In 7 volumes], Minsk, "Belaruskaya navuka", 2020, 795 s.

¹⁵ Aleksey Shurubovich, *Tendentsii i problemy rossiysko-belorusskikh ekonomicheskikh otnosheniy. Nauchnyy doklad* [Trends and problems of Russian-Belarusian economic relations: Scientific report], Moskva, Institut ekonomiki RAN, 2017, 60 s.

¹⁶ Ksenia Borishpolets, Stanislav Chernyavskiy, *Rossiysko-belorusskiye otnosheniya: ugrozy real'nyye i mnimyje* [Russian-Belarusian relations: real and imaginary threats], "Mirovaya ekonomika i mezhdunarodnyye otnosheniya" [World Economy and International Relations], 2012, No. 11, p. 57-63.

¹⁷ Irina Selivanova, *Ekonomicheskaya integratsiya Rossii i Belorussii i yeye vliyaniye na razvitiye narodnogo khozyaystva Belorussii* [Economic integration of Russia and Belarus and its impact on the development of the national economy of Belarus], Vyp. 2, *Belorussiya i Rossiya: obshchestva i gosudarstva*, 1998, <https://www.yabloko.ru/Themes/Belarus/belarus-25.html> (Accessed on 18.02.2021).

The historiographical discourse of European and American scholars and analysts is primarily concerned with the aspects of Belarus' foreign policy, as well as the place and role of Russia in it. Of considerable interest is the work of Paul Hansbury *Domestic Constraints on Foreign Policy Change in Belarus*¹⁸, in which the author examines changes in the foreign policy of Belarus during 2016–2019. Many topical aspects of Belarus' foreign policy, including the Belarusian-Russian one, have been criticized in publications by researchers from foreign NGOs, including the American Jamestown Foundation (Grigory Ioffe¹⁹, Vladimir Sokor²⁰) and the British Chatham House (James Nixey²¹ and Mathieu Boulègue).²² The work of Polish researcher Agata Wierzbowska-Miazga²³, who analyses the current state of Russian-Belarusian relations, focuses on Russia's influence on Belarus' economy, security, defence, and foreign policy coordination and deserves special attention. The publications of other foreign scholars have become invaluable in the development of the issue: Anthony J. Evans, Terence Tse, Zhigao Liu, Michael Dunford, Weidong Liu, Andrew Wilson and Chloe Bruce.²⁴ The Ukrainian-Belarusian di-

¹⁸ Paul Hansbury, *Domestic Constraints on Foreign Policy Change in Belarus*, "Journal of Belarusian Studies", 2021, Vol. 11, Issue 1, p. 27-55, https://brill.com/view/journals/bela/11/1/article-p27_3.xml (Accessed on 20.10.2021).

¹⁹ Grigory Ioffe, *Europe's Sanctions and Belarus: A Hammer and the Nail*, July 7, 2021, <https://jamestown.org/program/europes-sanctions-and-belarus-a-hammer-and-the-nail/> (Accessed on 11.09.2021); Grigory Ioffe, *Belarusian-Russian Economic Dependency and Trade Wars: Is There a Contradiction?*, October 25, 2021, <https://jamestown.org/program/belarusian-russian-economic-dependency-and-trade-wars-is-there-a-contradiction> (Accessed on 12.11.2021).

²⁰ Vladimir Sokor, *Lukashenka Says No to Russian Military Base and Deeper Integration with Russia*, August 24, 2021, <https://jamestown.org/program/lukashenka-says-no-to-russian-military-base-and-deeper-integration-with-russia> (Accessed on 18.09.2021).

²¹ James Nixey, *Belarus Policy: Time to Play Hardball*, August 12, 2020, <https://www.chathamhouse.org/2020/08/belarus-policy-time-play-hardball> (Accessed on 12.11.2021).

²² Mathieu Boulègue, *Russia's Assets and Liabilities in Belarus*, November 18, 2020, 16 s., <https://cepa.org/russias-assets-and-liabilities-in-belarus> (Accessed on 17.08.2021).

²³ Agata Wierzbowska-Miazga, *Wsparcie drogą do podporządkowania. Rosja wobec Białorusi* [Support as a way to compliance. Russia towards Belarus], No. 34, Warszawa, Maj 2013, 32 s., <https://www.osw.waw.pl/pl/publikacje/punkt-widzenia/2013-05-06/wsparcie-droga-do-podporzadkowania-rosja-wobec-bialorusi> (Accessed on 12.07.2021).

²⁴ Anthony J. Evans, Terence Tse, *A strategic plan for the East Belarus mechanical engineering cluster*, "International Journal of Competitiveness", Vol. 1, No. 3, 2018, p. 221-237; Zhigao Liu, Michael Dunford, Weidong Liu, *Coupling national geo-political economic*

rection and Russia's influence on bilateral relations during the crisis were reflected in the intelligence of Piotr Żochowski, Tadeusz Iwański²⁵, Bohdan Nahaylo²⁶, and Alexander Smith.²⁷ In the context of this topic, the most well-known Belarusian and Russian researchers of the study theme, who have been published in foreign scientific journals or volumes, were also used.²⁸

POLITICAL CONTEXT

In 2014, the Republic of Belarus adopted a flexible approach to the Russian-Ukrainian conflict, which lasted until August 2020. The use of Minsk as a platform for international negotiations in the settlement of the military conflict in eastern

strategies and the Belt and Road Initiative: The China-Belarus Great Stone Industrial Park, "Political Geography", Vol. 84, Jan. 2021, p. 1–13; Wilson Andrew, *Belarus Wants Out*, March 20, 2014, <https://www.foreignaffairs.com/articles/belarus/2014-03-20/belarus-wants-out> (Accessed on 17.05.2021); Bruce Chloë, *Friction or Fiction? The Gas Factor in Russian-Belarusian Relations*, *Russia and Eurasia Programme*, Rep Bp, 05/01 May 2005, 14 s., [Russia%20and%20Eurasia/bp0501gas.pdf](https://www.rus-eurasia.org/bp0501gas.pdf) (Accessed on 19.04.2021).

²⁵ Piotr Żochowski, Tadeusz Iwański, *Ukraine-Belarus: a spiralling crisis*, June 14, 2021, <https://www.osw.waw.pl/en/publikacje/analyses/2021-06-14/ukraine-belarus-a-spiralling-crisis> (Accessed on 15.08.2021).

²⁶ Bohdan Nahaylo, *Escalating Belarus border crisis could pose a security threat to Ukraine*, November 15, 2021, <https://www.atlanticcouncil.org/blogs/ukrainealert/escalating-belarus-border-crisis-could-pose-a-security-threat-to-ukraine> (Accessed on 28.11.2021).

²⁷ Alexander Smith, *Putin faces pressure over Belarus border crisis and Ukraine troop buildup*, November 16, 2021, <https://www.nbcnews.com/news/world/putin-faces-pressure-belarus-border-crisis-ukraine-troop-build-rcna5674> (Accessed on 30.11.2021).

²⁸ Vyacheslav Shutsilin, Andrey Filiptsov, Yuliya Vashkevich, *Industrial Development, Structural Changes, and Industrial Policy in Belarus*, in Bruno S. Sergi (Ed.), *Entrepreneurship and Global Economic Growth*, Vol. 1., Emerald Publishing Limited, 2020, p. 63–72; Aliaksei Bykau, Stanislau Vysotski, *What Belarus Produces, Exports, and Imports: Analyzing Trade in Value Added*, in *Ibid.*, p. 235–248; Alexei Danilchenko, Elena Bertosh, Pavel Artsemyeu, Roman Osipov, *Foreign Investments and TNCs*, in *Ibid.*, p. 249–267; Vladimir Shimov, Aliaksei Bykau, Tatyana Khvalko, *Economic Growth in Belarus: Analysis, Forecasts, and Scenarios*, in *Ibid.*, p. 307–321; Alla Pranevich, Aksana Shkutsko, *Foreign Economic Policy of Belarus: Integration and Multivector*, in *Ibid.*, p. 323–340; Uladzimir Parkhimenka, *Future of the Belarusian IT Sector: From IT Outsourcing to Industry 4.0?*, in *Ibid.*, p. 41–62; Nelly Bekus, *Belarus's Winding Path to a Post-Soviet Identity*, "Current History", October 2019, p. 258–264.

Ukraine, as well as Alexander Lukashenko's personal assurances concerning the prevention of hostilities on Belarusian territory, attested to Belarus' neutral position. According to Ukrainian expert Hennadiy Maksak, Belarus' policy towards Ukraine has created opportunities for an effective bilateral format of political and economic cooperation.²⁹ Minsk's new role as a hub for international diplomacy was extremely important in the context of security for both Ukraine and Belarus.³⁰ Pavlo Usov, head of the Warsaw Center for Political Analysis and Forecasting, said Lukashenko had "tried to use the Ukrainian factor to unfreeze relations with the West".³¹ Minsk's interest in improving contacts, particularly with the United States, is driven by a desire to balance its eastern vector and feel safer. All this provided grounds for deepening the interstate dialogue between Ukraine and the Republic of Belarus.

However, Belarus' foreign policy has triggered Russia's discontent and desire to exert influence over Minsk's international affairs.³² According to Paul Hansbury, the Kremlin interpreted these as acts of disloyalty that could lead to Belarus leaving Russia's "sphere of influence".³³ There was a growing awareness of the differences between the interests of the two countries and the desire to reduce control over Russia³⁴, but Belarus remained part of Russia's sphere of influence. According to Mathieu Boulègue, the Belarusian elite was aware that the Kremlin's aggressive policy towards its "near abroad" was detrimental to their interests.³⁵

The multi-vector policy pursued by Minsk from 2014 to summer 2020, which was to reduce dependence on traditional export positions and markets by diversifying the product range, was a necessary condition for ensuring the economic security of the Republic of Belarus.³⁶ However, mass protests over the non-recognition of the results of the presidential election in Belarus on August 9, 2020, as well as the violent dispersal of protesters, their arrests and imprisonment, led to a lack of acceptance of the legitimacy of Alexander Lukashenko's new presidential term. The extradition of a Russian Wagners' group to Moscow in July 2020,

²⁹ Hennadiy Maksak, *Ukraina i Belarus' ...*

³⁰ Olena Betliy, Yauheni Preiherman, *op. cit.*, p. 12.

³¹ Liliya Rzhets'ka, Volodymyr Dorokhov, *Rodych, yakyy stav vorohom. Chomu svaryat'sya Ukrainy i Bilyorus'?*, Berezen' 27, 2021, <https://www.dw.com/uk/rodych-yakyy-stav-vorohom-chomu-svaryatsia-ukraina-i-bilyorus/a-57022047> (Accessed on 16.07.2021).

³² Paul Hansbury, *op. cit.*, p. 27.

³³ Mathieu Boulègue, *op. cit.*, p. 2.

³⁴ Andrew Wilson, *op. cit.*

³⁵ Mathieu Boulègue, *op. cit.*

³⁶ Alla Pranevich, Aksana Shkutsko, *op. cit.*, p. 330.

who were detained by the Belarusian State Security Committee in Minsk, has triggered a new wave of tension in Ukrainian-Belarusian relations. People accused of committing crimes during the Donbas war were among them.³⁷ According to Ukrainian experts, this decision foreshadowed Belarus' choice of partners.³⁸ As a result, Ukraine did not acknowledge the presidential legitimacy of Alexander Lukashenko and joined the EU's sanctions against official Minsk. As a result, political relations between Ukraine and Belarus have been suspended, while trade and economic relations continue to be maintained.

In addition, Ukrainian-Belarusian relations worsened after the Belarusian authorities landed a Ryanair plane in Minsk and detained journalist and blogger Roman Protasevich. Ukraine cancelled flights to Belarus and then refused Belarusian planes access to Ukrainian airspace to fly to other countries.³⁹ The EU and the US have not only closed their airspace for Belarusian aircraft but also imposed specific economic sanctions. Against the background of Belarus' international isolation, its closer rapprochement with Russia has taken place, which is increasingly consolidating Minsk in the geopolitical, economic, and military spheres of the Kremlin's influence, threatening Belarusian sovereignty.

UKRAINIAN-BELARUSIAN ECONOMIC RELATIONS

Long-term economic contacts between Ukraine and the Republic of Belarus are based on pragmatic and mutually beneficial interests, the desire to preserve pre-existing economic and cooperative ties and the ability to implement local goals.⁴⁰ The geographical position of both neighbouring countries, traditions of economic partnership, and multiple direction interests in production all contribute to bilateral cooperation.⁴¹ The leading tendency in Ukrainian-Belarusian relations since the independence of Ukraine has been that, despite political differences over other approaches to social development and another foreign policy, the economic component of cooperation has consistently dominated.⁴² Even in the face of Russia's aggression against Ukraine, trade and economic cooperation was the "glue" that held Ukraine and Belarus together, according to Olena Betliy and

³⁷ Piotr Żochowski, Tadeusz Iwański, *op. cit.*

³⁸ Yaugeni Preiherman, Hennadiy Maksak, *op. cit.*, p. 7.

³⁹ Lesia Aleksiievets, Oksana Valion, *op. cit.*, p. 124.

⁴⁰ Denis Yurchak, *Belarus' – Ukraina...*, p. 166.; Dmitriy Demichev, *op. cit.*, p. 75.

⁴¹ O. Valion, *Bilorus': sotsial'no-ekonomichni...*, p. 189.; Idem, *Interstate cooperation*, p. 24.

⁴² Denis Yurchak, *op. cit.*, p. 82.

Yauheni Preiherman.⁴³

It has to be noted that the events in Ukraine in late 2013 – early 2014 significantly reduced the volume of bilateral trade and economic transactions. Another reason for the negative trend of declining indicators of Ukrainian-Belarusian economic cooperation was the “financial war” that Russia launched against Ukraine, using the mechanisms of the Customs Union and involving all member states of this integration association, including Belarus.⁴⁴ As a result, a record volume of interstate trade was established in 2012, reaching \$7.8 billion.⁴⁵ It amounted to \$5.8 billion in 2014 and \$3.4 billion in 2015. Such indicators were influenced by the annexation of Crimea and the conflict in Donbas, which were Belarus’ main trading partners among the regions of Ukraine.

For several years, bilateral cooperation has managed to increase the dynamics of foreign trade. The trade volume between Ukraine and the Republic of Belarus increased during 2016–2019, reaching \$3.8 billion in 2016, \$4.5 billion in 2017, \$5.3 billion in 2018, and \$5.5 billion in 2019.⁴⁶ According to the financial results of 2020, the trade turnover was \$4.4 billion, which is 20.7 per cent less than in 2019. At the same time, the Republic of Belarus has a positive trade balance with Ukraine, while Ukraine has a traditionally negative trade balance.

According to the results of the first half of 2021, the Republic of Belarus ranked second among CIS countries and sixth among China, Germany, Russia, Poland, USA⁴⁷, while Ukraine ranked second among all trading partners of the Republic of Belarus in terms of trade and exports.⁴⁸

The main item of Belarusian exports to Ukraine in the study period is petroleum products, which in 2015 accounted for more than 70 per cent of total supplies from Belarus⁴⁹, while in 2020 – 35 per cent. Other critical goods of Ukrainian imports from Belarus in 2020 were bitumen – 60 per cent and mineral fertilizers – 34 per cent⁵⁰. To a lesser extent, tractors, trucks, electricity, fibreboard, etc., come to Ukraine from Belarus.

⁴³ Olena Betliy, Yauheni, Preiherman, *op. cit.*, p. 25.

⁴⁴ Stepan Vasylyshyn, *op. cit.*, p. 208.

⁴⁵ Hennadiy Maksak, Denis Yurchak, *op. cit.*, p. 28.

⁴⁶ *Trade and economic cooperation. Embassy of Ukraine in the Republic of Belarus*, <https://belarus.mfa.gov.ua/spivrobitnictvo/ekonomichne-spivrobitnictvo> (Accessed on 15.10.2021).

⁴⁷ *Ibidem*.

⁴⁸ *Trade and economic relations. Embassy of the Republic of Belarus in Ukraine...*

⁴⁹ Hennadiy Maksak, *Ukrayna y Belarus' ...*

⁵⁰ Tetyana Zosymenko, *op. cit.*

In recent years, Ukraine has been exporting to the Republic of Belarus mainly agricultural and food products, agricultural machinery, rolling stock parts, copper wire, corners, non-alloy steel profiles,⁵¹ etc. According to experts, given that many commodities imports from Belarus have become, in fact, critical for Ukrainian companies, the inability to supply can lead to serious negative consequences felt throughout the Ukrainian economy.⁵²

It should be noted, that from July 1, 2019, Ukraine began importing electricity from Belarus, since foreign supplies were more cost-competitive for Ukrainian producers. With the opening of the Belarusian NPP (Nuclear Power Plant) in November 2020, electricity imports have gained additional opportunities. However, his opponents pointed out that electricity supplies from Belarus and Russia pose potential threats to energy dependence and reduced domestic electricity production, as well as European integration, in particular, in terms of preparing for the synchronization of the domestic energy system with the European one in 2023.⁵³

Investment cooperation is currently used in the context of Ukrainian-Belarusian economic cooperation. Thus, the Republic of Belarus has invested in the economy of Ukraine \$141.7 million as of March 31, 2021. The volume of Ukrainian investments in the economy of the Republic of Belarus amounted to \$2.4 million as of March 31, 2021.⁵⁴

The conflict between Russia and Ukraine, mutual economic sanctions and Western restrictions against Russia, in particular, have created new opportunities for Ukrainian-Belarusian cooperation. The re-export of Ukrainian goods to Russia (via Belarus) and the increase in air traffic between Minsk and Ukrainian cities are two of the new niches that have emerged in this regard.⁵⁵ At the same time, Belarus served as a platform for the penetration of Ukrainian goods into the market of the Eurasian Economic Union. Although Ukraine is important for Belarus to gain access to the EU market, this is facilitated by the Free Trade Agreement between Ukraine

⁵¹ *Trade and Economic Relations...*, *op. cit.*

⁵² Yaugeni Preiherman, Hennadiy Maksak, *op. cit.*, p. 9.

⁵³ Dmytro Sydorov, Yaroslav Samolyuk, *Elektroenerhiya iz-za kordonu: yak Ukrayina pershi pivroku importuye elektroenerhiyu* [Electricity from abroad: how Ukraine imports electricity for the first six months], 29 sichnya 2020, <https://expro.com.ua/statti/energija-z-za-kordonu-yak-ukraina-persh-pivroku-importu-elektroenergiyu> (Accessed on 17.08.2021).

⁵⁴ *Trade and economic cooperation. Embassy of Ukraine in the Republic of Belarus*, <https://belarus.mfa.gov.ua/spivrobitnictvo/ekonomichne-spivrobitnictvo> (Accessed on 15.10.2021).

⁵⁵ Olena Betliy, Yauheni Preiherman, *op. cit.*, p. 27-28.

and the EU, which entered into force on January 1, 2016.

The successful forms of trade and economic cooperation between Ukraine and the Republic of Belarus are production cooperation and the use of joint ventures, which allow the transition from simple sale of goods to the joint production of high value-added products. Such a way of dealing opens new prospects for the further development of bilateral economic cooperation.⁵⁶ Therefore, Ukraine has a well-developed distribution staff of Belarusian exporters from more than a hundred companies. Such flagships of the Belarusian economy as BelAZ, MTZ, MAZ and Atlant have an extensive network of dealer structures in the regions. There are 314 enterprises with Ukrainian capital in Belarus, including 115 joint ventures and 199 foreign organizations. Currently, there are thirteen assembly plants of Belarusian equipment in Ukraine.⁵⁷

Currently, there are contradictions between Ukraine and the Republic of Belarus, due to the synthetic barriers making that generate different trade and economic activities, which, however, are not radical trade restrictions, but would be particularly unfavourable for both parties. At the very end, they fit into the general context of ambiguous bilateral relations between Kyiv and Minsk. With the onset of the political crisis in Belarus, Ukraine sees Russia's support for the Lukashenko regime as an increased threat to its security.⁵⁸ Recent events such as migration crisis, accumulation of Russian troops on the Ukrainian border⁵⁹, threats of Minsk to deploy new Russian S-400⁶⁰ air defence systems and intervene in the conflict on Russia's side in case of aggravation of the situation in Donbas (or somewhere on the Ukrainian-Russian border) indicate a potential hazard.⁶¹

⁵⁶ Stepan Vasylyshyn, *op. cit.*, p. 223.

⁵⁷ *Trade and economic cooperation, op. cit.*

⁵⁸ Piotr Żochowski, Tadeusz Iwański, *Ukraine-Belarus: a spiralling crisis*, June 14, 2021, <https://www.osw.waw.pl/en/publikacje/analyses/2021-06-14/ukraine-belarus-a-spiralling-crisis> (Accessed on 19.08.2021).

⁵⁹ Alexander Smith, *Putin faces pressure over Belarus border crisis and Ukraine troop buildup*, November 16, 2021, <https://www.nbcnews.com/news/world/putin-faces-pressure-belarus-border-crisis-ukraine-troop-build-rcna5674> (Accessed on 19.11.2021).

⁶⁰ Lisa Yasko, *Belarus dictator poses growing threat to Ukraine*, September 14, 2021, <https://www.atlanticcouncil.org/blogs/ukrainealert/belarus-dictator-poses-growing-threat-to-ukraine> (Accessed on 10.10.2021).

⁶¹ Bohdan Nahaylo, *Escalating Belarus border crisis could pose a security threat to Ukraine*, November 15, 2021, <https://www.atlanticcouncil.org/blogs/ukrainealert/escalating-belarus-border-crisis-could-pose-a-security-threat-to-ukraine> (Accessed on 19.11.2021).

Thus, while Ukrainian-Belarusian economic collaboration continues in the context of Belarus' domestic political crises, the general situation of interstate relations affects the tone of bilateral cooperation.

ECONOMIC INTERACTIONS BETWEEN BELARUS AND RUSSIA

Relations between the Republic of Belarus and the Russian Federation stood out as a priority of the republic's foreign policy, one of the basic integration tasks within the Russian Federation, and also as another regional integration initiative of modern Belarus.

According to Belarusian analysts, both integration and disintegration processes are currently taking place in bilateral relations.⁶² The divergence of interests between Minsk and Moscow was largely due to Belarus' refusal to assist the Kremlin in the international arena. Moscow saw the intensification of Minsk's Western foreign policy as a potential threat to Russia's interests that could undermine Russia's influence in Belarus.⁶³

It is worth noting that the favourable geographical location of Belarus in the centre of Europe makes it attractive to the Russian Federation in military, transit, and economic terms. According to Russian researcher Aleksey Shurubovich, the expanding cooperation is in Russia's primarily strategic geopolitical and geo-economics interest, whereas economic interest is first for Belarus.⁶⁴

British⁶⁵ and Polish⁶⁶ scholars emphasize the leading role of the geopolitical importance of Belarus as a transit corridor between Poland and Russia. Belarusian researcher Anastasiia Vasilchenko emphasizes the geo-economics aspect of Belarus as a crossroads of global business clusters for the European Union, Russia, and Asia-Pacific (with its promising development of a new Silk Road).⁶⁷ Scientist Yuri Shevtsov also notes a two-Belarusian-Russian pragmatic basis,⁶⁸ while expert

⁶² Grigoriy Astapenya, *op. cit.*, p. 43.

⁶³ Arseny Sivitski, Yuriy Tsarik, *op. cit.*, p. 4.

⁶⁴ Aleksey Shurubovich, *op. cit.*, p. 6.

⁶⁵ Anthony J. Evans, Terence Tse, *op. cit.*, p. 222.

⁶⁶ Agata Wierzbowska-Miazga, *op. cit.*, p. 5.

⁶⁷ Anastasiia Vasylichenko, *Transit potential of Republic of Belarus: current state and development prospects*, in "SHS Web of Conferences", No. 67, 2019, https://www.shs-conferences.org/articles/shsconf/pdf/2019/08/shsconf_NTI-UkrSURT2019_02011.pdf (Accessed on 13.04.2021).

⁶⁸ Yuriy Shevtsov, *op. cit.*, p. 213-214.

Mathieu Boulègue remarks that Russia's strategy has always been to control Belarus rather than integrate it as a partner, by exploiting its comparative advantages.⁶⁹

The Russian Federation is a leading foreign trade and investment partner of Belarus. It traditionally accounts for about half of all Belarusian foreign trade. In particular, in 2016, it accounted for 51.2 per cent of the republic's foreign trade turnover, including 46.2 per cent of exports and 55.4 per cent of imports.⁷⁰ In 2020, the Russian share was 47.9 per cent, including exports – 45.2 per cent, and imports – 50.2 per cent.⁷¹ Belarus is one of Russia's "top five" trading partners. In 2016, Belarus ranked fourth among Russia's foreign trade partners (after China, Germany and the Netherlands). In particular, it accounted for about 5.4 per cent of Russia's total foreign trade.⁷² In 2020, Belarus became the third-largest trading partner of Russia (after China and Germany).

During 2014–2020, the bilateral Belarusian-Russian trade turnover displayed the following dynamics: in 2014 – \$37.3 billion, in 2015 – \$27.5, in 2016 – \$26.1, in 2017 – \$32.4, in 2018 – \$35.6, in 2019 – \$35.5⁷³, in 2020 – \$29.5 billion.⁷⁴ The factors and options that contributed to the reduction of foreign trade between Belarus and Russia in 2020 include the reduction of energy supplies to Belarus in the first half of 2020 due to lower hydrocarbon prices and the impact of the sanitary and epidemiological situation, as well as border closure due to the pandemic.

A characteristic feature of the trade activities of Belarus and Russia is the presence of the first negative balance of trade in goods: in 2014 – 7.0, in 2015 – 6.7, in 2016 – 4.3, in 2017 – 6.7, in 2018 – 9.6, in 2019 – 8.4, in 2020 – 3.3 (\$ billion). These dynamics are caused by Russia's dominance in energy exports (they account for about 50 per cent). Accordingly, the decrease in energy supplies causes a reduction in Belarus' negative balance.

Because the Republic of Belarus has a partially open economy, the share of exports in GDP has fluctuated between 50-80 per cent for many years.⁷⁵ According

⁶⁹ Mathieu Boulègue, *op. cit.*, p. 6.

⁷⁰ Aleksey Shurubovich, *op. cit.*, p. 8.

⁷¹ *Belarus' i sotrudnichestvo s Rossiyei v ekonomicheskoy sfere* [Belarus and cooperation with Russia in the economic sphere] <https://mfa.gov.by/bilateral/russia/regions/economy/>

⁷² Aleksey Shurubovich, *op. cit.*, p. 7-8.

⁷³ *Belarus' v tsifrakh. Statisticheskiy spravochnik* [Belarus in numbers. Statistical handbook], Minsk, 2020, p. 60-65.

⁷⁴ *Belarus' i sotrudnichestvo s Rossiyei...*

⁷⁵ Aliaksei Bykau, Stanislau Vysotski, *op. cit.*, p. 236; N. Abramchuk (Ed.), *Ekonomicheskoye razvitiye*, T. 3, p. 173.

to this indicator, Belarus is ahead of many European countries.⁷⁶ A significant part of Belarusian exports is still sold in the Russian Federation, which occupies a leading position in mechanical engineering and food wastes. At the same time, in recent years, Belarusian exports to Russia have shown a tendency to increase food products and reduce the number of machinery and vehicles.

While exports of Belarusian services to Russia in 2014 amounted to \$2.2 billion, imports totalled \$1.4 billion and \$2.4 billion in 2020. The United States imports services from Russia totalled \$1.4 billion. It is worth noting that the services sector accounts for the majority of Belarus' GDP and is growing.⁷⁷ Belarus places great importance on exporting computer services, which leads to significant economic growth.⁷⁸ The central IT centre of the country, High Technology Park, produces 49.1 per cent of software exports to European countries, 44 per cent in the US and Canada, and only 4.1 per cent in Russia and other CIS countries.⁷⁹

An important component of bilateral cooperation is investment cooperation. Russia is the largest investor in Belarus, both in terms of total investment and in terms of local investment and net investment on a net basis. In particular, the volume of foreign investment from Russia was \$6.2 billion in 2014, while the USA foreign investment was \$4.1 billion in 2018 and \$4.5 billion in 2019.⁸⁰ According to Belstat (Belorussian Statistics Centre), the volume of investments from Russia to Belarus in 2020 amounted to \$3.6 billion and decreased by 20.4 per cent in comparison to 2019. The United Kingdom ranks second only to Russia in terms of investment in Belarus and invested \$1.8 billion in 2019, while Russia contributed \$4.5 billion.⁸¹ The volume of investments from Belarus to Russia in 2020 reached \$3.1 billion, a 12.3 per cent reduction from 2019. Belarus' main investment in Russia is debt instruments (3.0 billion).⁸²

Significant investment returns include the acquisition of *Beltransgaz* shares

⁷⁶ Vladimir Shimov, Aliaksei Bykau, Tatyana Khavalko, *op. cit.*, p. 309.

⁷⁷ Vyacheslav Shutsilin, Andrey Filiptsou, Yuliya Vashkevich, *op. cit.*, p. 64.

⁷⁸ Uladzimir Parkhimenka, *op. cit.*, p. 51.

⁷⁹ *IT v Belarusi* [IT in Belarus], <https://www.belarus.by/ru/business/doing-business/it-belarus> (Accessed on 12.05.2021).

⁸⁰ *Belarus' v tsifrah* ..., p. 66.

⁸¹ *Ibid.*, p. 67.

⁸² Yuriy Zolotarev, *Torgovyi oborot – 2020: pyat'desyat na pyat'desyat. Pochti polovina vneshnetorgovogo oborota prikhoditsya na Rossiyu* [Trade turnover – 2020: fifty to fifty. Almost half of foreign trade turnover falls on Russia], Mart 16, <https://neg.by/novosti/otkrytyj-torgovyy-oborot---2020-50-na-50> (Accessed on 14.05.2021).

by Russia's Gazprom in 2007 and 2011.⁸³ A major investment of Belarusian business in Russia is the purchase in 2016 by an investor from Belarus of 20 per cent of *Uralkaliy* shares. According to Polish researcher Agata Wierzbowska-Miazga, Russia is demanding broader steps to privatize Belarusian companies. Alexander Lukashenko tries to avoid these requirements, fearing dominance in the corporate sector and losing his ability to run the economy.⁸⁴

A large-scale investment project with Russian participation was the construction of the Belarusian NPP with a capacity of 2.4 GW in Ostrovets, Grodno region. Its first power unit has been operational since November 7, 2020. The second will open in 2022, with Russia paying a cost of ten billion dollars.

Belarusian investments in Russia are much lower than Russian investments in Belarus. In general, the dynamics of mutual investments and mutual trade between Belarus and Russia coincide, indicating a relationship between these areas of cooperation.⁸⁵ It is interesting to note that, since 2015, Belarus has transformed into a hub for the re-export to Russia of European and Western products subject to Kremlin countersanctions.⁸⁶

The intensification of Belarusian-Chinese cooperation since 2014 to diversify Belarus' foreign policy⁸⁷ and foreign economic relations, as well as the goal to reduce Belarus' dependence on Russian gas and oil, has influenced the Belarusian-Russian dialogue.⁸⁸ Economic cooperation between Ukraine and Belarus might be claimed to serve these goals as well.

For many years, close relations with Russia have allowed for the purchase of Russian energy at a discount. Also, additional financial and economic assistance has been provided to Belarus, which has aided the country's economic development. According to Belarusian researcher Kateryna Bornukova, based on IMF data, Russian subsidies in good years reached 10 per cent of Belarus' total GDP.⁸⁹ They took various forms including oil and gas subsidies, financial loans,

⁸³ Alexei Danilchenko, Elena Bertosh, Pavel Artsemyeu, Roman Osipov, *op. cit.*, p. 252.

⁸⁴ Agata Wierzbowska-Miazga, *op. cit.*, p. 18.

⁸⁵ Aleksey Shurubovich, *op. cit.*, p. 23, 26.

⁸⁶ Mathieu Boulègue, *op. cit.*, p. 6.

⁸⁷ Yuriy Tsarik, Arseny Sivitski, Nikita Savkov, *Belarus' – Kitay: dostizheniya, problemy i perspektivy strategicheskogo partnerstva* [Belarus – China: Achievements, Problems and Prospects for Strategic Partnership], Minsk, 2020, p. 3.

⁸⁸ Zhigao Liu, Michael Dunford, Weidong Liu, *op. cit.*, p. 1.

⁸⁹ Katerina Bornukova, *Rossiia nam pomozhet? Ob ekonomicheskoy pomoshchi i interesakh nashego glavnogo partnera* [Would Russia help us? On economic aid and the interests of our main partner], Oktyabr' 21, 2020, <https://people.onliner.by/opinions/>

Russia's debt relief for Belarus, duty-free exports of Belarusian products to the Russian market, which allowed Belarusian companies to strengthen, launch modernization processes, and increase the competitiveness of Belarusian products. In addition, the raw materials that Belarus received from Russia at reduced prices were exported to foreign markets as refined products.

Russia's economic preferences for Belarus have been part of an integration dialogue between states, each side pursuing its own goals. Belarusian political scientist Andrei Egorov notes that Russia leads by maintaining control over the post-Soviet space, and Belarus was selling integration for immediate economic benefits.⁹⁰ Austrian expert Chloë Bruce remarks that Russia's energy subsidies have helped raise living standards in Belarus by contributing to the country's economic level⁹¹, while other researchers believe that economic growth in Belarus depends on world commodity prices and demand in the Russian market factors⁹². Although Russian Federation support for Belarus has declined significantly in recent years, the country's dependence on Russia remains high.

Oil and gas tensions over prices, tariffs, and terms of Russian supplies to Belarus have repeatedly hampered the integration process between the two nations over the years, resulting in deteriorating relations. In particular, in 2016 – early 2017 there was an aggravation of Belarusian-Russian relations in the energy sector, as well as in 2018 due to Russia's tax manoeuvre, which led to higher oil prices for Belarus and lowered export duties on petroleum products, which are the main source of a budget surplus and are aimed at repaying external debt.⁹³ The Belarusian government has said that the tax manoeuvre will cost \$300 million in 2019, rising to around \$2 billion in 2024, equivalent to 4 per cent of GDP.⁹⁴ As a result, oil and gas prices for Belarus are gradually approaching world prices. Despite repeated claims that, as a member of the Union State, it has the right to buy

2020/10/21/rossiya-nam-pomozhet (Accessed on 11.11.2020).

⁹⁰ Arina Polzik, *25 let integratsii. Chto Belarus' poluchayet i teryayet ot sblizheniya s Rossiyey* [25 years of integration. What Belarus gains and loses in case of rapprochement with Russia], *Sentyabr'* 9, 2021, <https://www.dw.com/ru/25-let-integratsii-chto-belarus-poluchaet-i-teryaet-ot-sblizheniya-s-rossiej/a-59132841> (Accessed on 18.10.2021).

⁹¹ Chloë Bruce, *op. cit.*, p. 2.

⁹² Vladimir Shimov, Alexei Bykau, Tatyana Khvalko, *op. cit.*, p. 309.

⁹³ *Lukashenko obvinil RF v ispol'zovanii nalogovogo manevra dlya davleniya na Belorussiyu* [Lukashenko accused Russia of using tax maneuver to put pressure on Belarus], Jan. 24, 2020, <https://www.interfax.ru/business/692552> (Accessed on 5.02.2021).

⁹⁴ *The prospect of Union between Russia and Belarus*, "Strategic Comments", 2019, Vol. 25, No. 2, p. IV-VI, <https://doi.org/10.1080/13567888.2019.1601444> (Accessed on 7.12.2020).

Russian gas at domestic prices, Belarus has failed to do so.⁹⁵ In particular, the price of Russian gas for Belarus in 2022 will remain at the last year's level (\$128.5 per thousand cubic meters) despite Belarusian officials insisting on the price as for the Smolensk region (\$67).⁹⁶ However, even the current price is the cheapest when compared to other countries that buy Russian gas.

In addition, barriers and restrictions on imports of goods and services from a partner country occur in bilateral trade and economic activities. Withdrawals are particularly common within the Eurasian Economic Union, which includes Belarus; in 2016, there were more than 600 withdrawals.⁹⁷ Russia has launched import substitution programs, which will further reduce imports to the Russian market, including Belarus. There are concerns about the divergence of economic systems between the two countries, primarily due to the implementation of the Belarusian economic model, which is based on the dominant role of the state in the economy.⁹⁸ According to Nelly Beckus, Lukashenko's economic model has evolved into a hybrid system based on large state-owned industrial enterprises that have learned how to work in a liberalised economy.⁹⁹ Russia supports the running of the Belarusian economic model, which in turn supports the stability of the political system.¹⁰⁰

It should be noted that the overall economic situation in each of the states affects the relations between Belarus and Russia. Because of the 2014 Ukrainian crisis, Western countries imposed economic sanctions on Russia, which negatively affected bilateral relations. At the same time, Minsk's neutral position in the Russian-Ukrainian military conflict set against the context of normalisation of relations with the West and strengthening of the strategic partnership with China caused concern in Moscow and added conflict to the Belarusian-Russian dialogue.

In this regard, Belarusian political scientist Arseny Sivitski emphasizes that the tension in Belarusian-Russian relations, which had been growing in recent years, hit a new high in December 2019 and escalated into open conflict. After all, the Kremlin has openly stated its integration ambitions for Belarus, linking the

⁹⁵ Mathieu Boulègue, *op. cit.*, p. 7.

⁹⁶ *Tsena gaza dlya Belarusi na 2022 g. sokhranitsya na prezhnem urovne – Putin* [Gas price for Belarus in 2022 will remain at the same level – Putin says], Sentyabr' 9, 2021, <https://nangs.org/news/markets/gas/tsena-gaza-dlya-belarusi-na-2022g-sokhranitsya-na-prezhnem-urovne-putin> (Accessed on 19.10.2021).

⁹⁷ Grigoriy Astapenya, *op. cit.*, p. 48.

⁹⁸ Aleksey Shurubovich, *op. cit.*, p. 37.

⁹⁹ Nelly Bekus, *op. cit.*, p. 263.

¹⁰⁰ Agata Wierzbowska-Miazga, *op. cit.*, p. 5.

issue of discounts on energy (oil and gas) with the further deepening of integration between Russia and Belarus within the *Union State*.¹⁰¹ The conditions imposed by Russia regarding the establishment of a joint currency and supranational bodies, as part of deeper integration, were unacceptable for Belarus.

Following the presidential election on August 9, 2020, the West and Ukraine did not recognize the legitimacy of Alexander Lukashenko's new presidential term and imposed sanctions against official Minsk. It led to a closer rapprochement between Belarus and Russia. The Kremlin's support for the Belarusian regime and the international isolation of Belarus have contributed to the signing of Belarusian-Russian integration agreements, which have not been concluded in recent years.

On November 4, 2021, at a meeting of the Supreme State Council of the Union State, a decree *On the main directions of implementation provisions of the Treaty implementation on the Establishment of the Union State for 2021–2023* was signed.¹⁰² The package of 28 union programs provides for the integration of monetary systems, general principles of collecting indirect taxes, common approaches to pensions and social security, counter-terrorism, mutual access to public procurement and public procurement, harmonisation of payment systems and monetary policy, and gas, etc.¹⁰³ Therefore, with the signing of allied integration programs and the increase of Russia's military presence in Belarus, Minsk is increasingly falling under the Kremlin's economic and military control.

Thus, bilateral economic relations between Belarus and the Russian Federation are collaboration rather than equality. On the one hand, they remain highly active, as evidenced by the volume of trade and investment, production and scientific and technical cooperation, interregional cooperation and more. On the other hand, Belarus depends on Russian energy resources as well as market, financial and economic assistance, which serve as instruments of pressure on the partner. The multi-vector policy pursued by Belarus from 2014 to the summer of 2020 allowed diversifying foreign economic activity, searching for new markets, alternative energy supplies, etc. The challenges that the two countries face today

¹⁰¹ Arseny Sivitski, *Belarus': Ul'timatum Kremlya* [Belarus: The Ultimatum Of The Kremlin], <http://prismua.org/pdf> (Accessed on 13.02.2021).

¹⁰² Sergey Romashenko, *Moskva i Minsk utverdili 28 soyuznykh programm* [Moscow and Minsk approved 28 union programs], Noyabr' 4, 2021, <https://www.dw.com/ru/glavy-rossii-i-belarusi-utverdili-28-sojuznyh-programm/a-59726060> (Accessed on 15.11.2021).

¹⁰³ Andriy Stets', *Lukashenko i Putin pidpysaly "intehratsiynyy dekret"* [Lukashenko and Putin sign "integration decree"], Lystopad, 4, 2021, https://zaxid.net/lukashenko_i-putin_pidpisali_integratsiyniy_dekret_n1529673 (Accessed on 11.11.2021).

compel them to work together more closely. As a consequence, the Belarusian-Russian integration example is currently being applied.

CONCLUSIONS

From the beginning of the Russian-Ukrainian war in 2014 to the Belarusian domestic political crisis in the summer of 2020, the foreign policy of the Republic of Belarus has changed. Minsk acted as a mediator in the talks on resolving the situation in Donbas. Belarus' position as a regional security provider has contributed to the reset of relations with the EU and the United States, resulting in the lifting of Western sanctions and the intensification of interstate relations. At the same time, such a policy of Minsk resulted in Russian pressure; in the economic dimension between the states, there were oil and gas disputes, trade restrictions and coercion to deeper integration. In turn, Minsk's multi-vector nature enabled it to find a balance between geopolitical players in the region, to become a guarantor of security on the Ukrainian-Belarusian border, and to develop a mutually beneficial economic partnership.

Ukraine and Belarus are foreign trade partners worth billions of dollars. Long-term economic cooperation between the states is based on mutually beneficial and pragmatic principles. Both countries understand the importance of bilateral trade and economic ties. However, the political crisis in Belarus has strained relations with neighbours. As a result, while political relations were severed, trade and economic ties persisted. Ukraine imports several critical Belarusian goods, including petroleum products, bitumen, fertilizers and electricity. For Belarus, the Ukrainian market is a premium, as evidenced by trade volumes, a positive trade balance, investment and cooperation. Despite dynamic, albeit cautious, trade cooperation, today's Ukrainian-Belarusian border, which is more than 1,000 km long, is not as secure as it has been before the summer of 2020. Belarus is an ally of the Russian Federation, so the use of Belarusian territory as a theatre of hostilities against Ukraine cannot be taken into account by Kyiv. Issues such as Belarus' official recognition of Crimea as Russian or the creation of Russian military bases in Belarus, as well as the latter's intervention in the conflict on the side of Russia if the situation in Ukraine worsens, are painfully and deeply perceived.

By joining the EU's sanctions against the Belarusian regime, Ukraine has not yet supported the sectoral economic sanctions imposed by the European Union, the United States, Canada and the United Kingdom over imports of goods critical

to the Ukrainian economy. However, the basic line of modern Ukrainian-Belarusian relations encourages Ukraine to consider various options for bilateral cooperation. There must be new opportunities for diversification and replacement of Belarusian goods in the Ukrainian territory. Further Ukrainian-Belarusian relations will depend on resolving the political crisis in Belarus. Two points should be highlighted since they will have a further impact on bilateral economic cooperation: the evolution of the Ukrainian economy towards integration into the European Economic Area and the convergence of Belarusian and Russian economies in the context of closer integration between the two countries.

Relations between Belarus and Russia have become strategic. Russia is the largest market for the Belarusian economy, a source of cheap energy resources, and provides financial support to Belarus. At the same time, the countries have different economic potentials, which reflect in the volume of bilateral trade, the presence of a traditionally negative trade balance for Belarus, less Belarusian investment activity in the Russian economic landscape, and others. Despite the differences, the two countries are members of the Joint integration associations in the post-Soviet space, the main of which is the Union State of Belarus and Russia. In this context, their goals, objectives, and vectors of development are interrelated. For Russia, control over Belarus is important given strategic factors. Integration ties with Belarus add to Russia's international status as an influential regional player.

The internal political crisis in Belarus has led to its international isolation and contributed to closer Belarusian-Russian rapprochement. With the signing of union programs in 2021, integration processes, particularly in the field of the economy, have reached a new level and will most likely be strengthened in the future.

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