

Lukashenko Says Belarus Will Not Block Eurasian Economic Union

By [The Moscow Times](#)

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Belarusian President Alexander Lukashenko attends an informal meeting of the Collective Security Treaty Organization at the Kremlin in Moscow on Thursday.

President Alexander Lukashenko said on Friday that Belarus would not block the signing of a deal creating a Eurasian Economic Union after resolving a dispute with Russia over oil product duties.

The economic union is intended to be a precursor to a future Eurasian Union sought by President Vladimir Putin to unite at least some of the old Soviet Union as a bulwark against perceived Western encroachment into Moscow's traditional sphere of influence.

"We won't block signing of this agreement. We managed to resolve issues which worried us," Lukashenko told reporters.

The Eurasian Economic Union will comprise Russia, Belarus and Kazakhstan. Moscow wanted

Ukraine to join as well before its Moscow-backed president was ousted in an uprising over his abandonment of closer links with the European Union.

A signing ceremony for the economic union is planned for May 29. Lukashenko had previously threatened to block the signing if some current restrictions in trade, including oil product duties, were not removed.

In March, Lukashenko had criticized Russia's takeover of Crimea as setting a "bad precedent" but also said the territory was now "de facto" a part of Russia.

On Thursday, Lukashenko expressed his support to Putin, saying Belarus will be stand "shoulder to shoulder" with Russia, which has been hit with some punitive Western sanctions since its annexation of Ukraine's pro-Russian Crimea region in March.

The economic union would pose an extra burden on a Russian economy already on the brink of recession in part because of Western sanctions imposed on Moscow over its Ukraine policy.

The IMF last week cut its 2014 growth forecast for Russia's oil- and gas-based economy to just 0.2 percent from an earlier 1.3 percent. Russia's economy grew 1.3 percent last year.

LUKASHENKO'S PRICE FOR UNION

Deputy Finance Minister Sergei Shatalov told Reuters in March that Belarus and Kazakhstan received about \$6 billion annually from Russia in direct and indirect support and said that could increase by \$30 billion if all trade restrictions were lifted in 2015 after the union is created.

Russia agreed to ship, duty-free, 23 million tons (169 million barrels) of oil this year to Belarus as a part of a customs union agreement. In turn, Belarus exports oil products, the duty on which it pays to Russia. Annual revenue from the duty is around 100 billion rubles (\$2.9 billion).

Moscow and Minsk were long at odds over duties and the amount of oil Russia provides to Belarus. Moscow last month agreed to raise volumes by 10 percent from a previous 21 million tonnes — exactly what Minsk was asking for.

"We resolved for 10 years the issue of oil and gas deliveries at volumes we would like — 23 million tonnes is enough for us to load our refineries," Lukashenko said.

He added that around \$1.5 billion in oil product duties would stay in Belarus next year.

The Belarus economy grew by just 0.5 percent in the first quarter, compared with 4 percent in the same period last year.

The former Soviet republic must pay \$3.2 billion to service its foreign debts this year — around a half of its gold and foreign currency reserves.

Lukashenko said Russia might lend his country \$2 billion to replenish its reserves as soon as May, with another \$500 million coming next year. Belarus suffered a balance-of-payments crisis in 2011 and devalued its ruble currency by 65 percent against the dollar.

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