
Interview: Mikhail Khvostov

Unfair Sanctions Against Belarus Won't Stop Our Independent Development

Mikhail Khvostov is the Ambassador of Belarus to the United States. Ambassador Khvostov earlier served as Ambassador to Canada, and then went on to become an advisor to the President of Belarus. Between 2000 and 2003, he served as Deputy Prime Minister and Minister of Foreign Affairs of Belarus. William Jones interviewed him at the Belarus Embassy in Washington, D.C. on March 16.



EIR: Let's begin with the elections in Belarus. Now, the United States has said that they are not going to accept the results of the elections. What is this going to mean in reality?

Khvostov: We are not surprised by such reactions that we had a few days ago. It was predictable before the day of the election, because we knew from the declaration of some people at the State Department and the White House, that the United States would not accept the result of the elections, if President Lukashenka were re-elected. I would say that this is not an objective assessment of the situation. Belarus is different from other countries where the so-called "color revolutions" are produced. Sometimes people ask me why Belarus cannot take the path other countries have taken, like for example, Kyrgyzstan, Georgia, or Ukraine. And the answer is very simple: Because Belarus is not Kyrgyzstan; Belarus is not Ukraine or Georgia. Belarus is Belarus. We are an independent country. We have our own vision of the way which is needed to be taken in order to develop the country and the economy. And the essential thing is that the people of Belarus support the politics and the direction taken by the President and the government.

That's the reality. And the people of the United States, the President and the Secretary of State and other officials, including those involved with the assessment of the situation in Belarus, have nothing to do but accept the reality of that, both the political reality and the economic reality.

It is true that Belarus has taken another way for economic development and we believe that that is the best way for our people and the economy to be developed. We were, at the beginning of independence, against the "shock therapy," so-called. We started to develop our big enterprises, and they're

running well, they're healthy, bringing revenue for the social projects for the population affected, for example, by the Chernobyl catastrophe. So the socially oriented economy is for Belarus the best direction to be taken, as a direction for the market economy.

The affirmation that there is no market economy in Belarus is not true. Now more people are involved in market-like businesses than in government enterprises in Belarus. We are for the peaceful development of the political situation of Belarus. We are against any violence, from any side, internal or external.

Certainly we have our own vision of development of the Belarus economy, and we believe it is the best way for the people of Belarus, and the sign of that was the large support for President Lukashenka during the past Presidential election.

EIR: You said the United States had made clear already, prior to the election, that they would not accept the result of the elections if President Lukashenka were elected. Were you referring to the report that President Bush sent up to the Congress on Belarus, just days before the election?

Khvostov: No, I'm referring to the comments made by Assistant Secretary [Daniel] Fried on Feb. 7, 2006 to journalists during the press conference he was holding. He was very blunt in saying "We certainly don't support Lukashenka." To say that on the eve of the Presidential elections in Belarus, I would say it's black PR and direct interference into the internal affairs of the state.

And then you take this report which was sent to the U.S. Congress in accordance with the so-called Belarus Democracy Act. We are not surprised by the content of this report. But we are surprised by the fact that this report was sent to Congress one year after it was needed, and directly on the eve of the Presidential elections.

We looked through this and we couldn't find anything which might be considered a new discovery. The fact that we are selling arms? That is a fact. We do have a long heritage from the former Soviet Union, in the sense of conventional arms, and we try to sell what we can to some countries which are not under UN Security Council restrictions. We are in compliance with the international obligations for Belarus.

The second point in the report is that we were trading prohibited items to Iraq. Not at all! In our day, to forward

to a country armaments prohibited by international organizations like the United Nations is impossible, because there are plenty of technical means to detect any prohibited trade in arms. Iraq was an important market for us, a market in the sense of civilian products like tractors, vehicles, dump trucks, things like that. And what is also important is that we provided the United States government with a list of these items we were trading with Iraq, before we sent them. That wasn't a secret, because we were following the obligations under the decisions of the Security Council, which determined that all trade with Iraq be done through a special committee at the UN Secretariat. So we were just following this. To say that we were involved in an arms trade with Iraq, that's impossible. We have a transparent export-control system, and the government would never take a decision to permit a company to trade a product which is prohibited by the UN Security Council. No.

EIR: In the latest series of elections that we have seen in those countries on the periphery of Russia, there has been an intense effort to try to get a party in power, which is not only friendly to the United States, but which is also hostile to Russia. For instance, in Georgia, the NGOs that were helping in the elections were then sent to Ukraine to do the same thing. And I understand the same people were then eager to go into Belarus to do the same thing. Did you experience the same kind of problem?

Khvostov: Absolutely. We did have, and continue to have such problems, and we were very frank in saying, before the last Presidential elections, as well as before the referendum and parliamentary elections, that the government will be against any foreign money coming to support political activities in Belarus. And we have a lot of reasons. We don't see any country which would allow foreign money to take part in political activities. In the United States, this is prohibited by law. So what we were proposing was to be very open and transparent. Because if the government cannot understand for what reason the money is coming into the country, any government would be very suspicious of that. And we are no exception to that. The structure of civil society, as it's called, just started to be set up in the former Soviet republics, as well as in Belarus. But the number one role, we believe, belongs to the government in developing that. And if such organizations are coming to Belarus with a frank and understandable approach, we'd let it go. But we do have proof of what I would call "black participation" of such groups in Belarus.

That has been a problem since we established an office of the OSCE [Organization for Security and Cooperation in Europe] in Belarus in 2000. And we were very insistent in saying that the offices of the OSCE should not propose financial support for political activities in any country in their sphere of activity, including in Belarus. And I cannot believe that an office of the OSCE set up here in the United States could be involved in political activities, supporting financially



Press Service of the President of the Republic of Belarus

President Alexander Lukashenko was re-elected on March 19 with an overwhelming mandate of 82.6% of the vote—to the dismay of the Washington neo-cons, who had been unable to stir up a revolt against him.

and politically the opposition to this Administration! That would be prohibited immediately.

But we are always reproached that we are underdeveloped in the area of democracy, in the area of human rights. We have problems, of course. The country is only a few years old. We don't hide these problems. We simply request assistance, which can be given by the OSCE itself and by the Western countries. Of course, we are facing challenges and difficulties stemming from our past, the former Soviet Union times. But we can't change everything overnight, to just say in the morning, "Now we have a totally different system." We can change the system, but we can't change people's minds and approaches to the responsibilities of the state government. So we decided to go slowly; we decided to be very accurate and cautious in taking the decision to transform the economy, branches of the economy, or the society itself.

But the fact is that we do have certified political parties and persons involved in the political life of our country. I agree, we don't have such a developed system as the United States has here, with two major political parties. And we understand that no third political party will take over. But we do recognize that there is competition between the two parties. But if you compare electoral legislation in the United States with electoral legislation of the European Community, there is a difference, a big difference. And yet, none of the European nations insist that the United States should have the same legislation that they have.

And with regard to our relations with Russia: We took a decision, to develop good neighborly relations with Russia, Ukraine, and other neighboring countries—Poland, Lithuania, and Latvia. Russia is a major partner for us, both politically, and economically, and socially, I would say. There are a lot of connections, personal and family, between Belarus and Russia. But Russia, well, geographically, we have a big neighbor. And there will be no change in the geographical



situation. So objectively, we must have good relations with Russia.

Secondly, Russia is a huge market for the Belarusian economy. We are dependent on our exports, we are dependent on our manufactured products. So, we are looking to our nearest market that we have in the Russian Federation. They have the same language, the same rules regulating trade and economic development. So it is more clear for Belarusian producers, in the sense of the economic opportunities they may have in the Russia market, rather than elsewhere. We started our independence with a total dependence on the Russian market. I remember some of the figures, for instance, we were dependent on Russia for 80% of manufactured products which went there. In the beginning of the '90s, that was the case. But now we have 40%. Forty-five percent goes to the European Union market, and the rest to other countries of the world, including the United States, China, India, and some other big markets. And I am proud to say that our trade relations with the United States are developing quite well, in spite of the political difficulties we are having, For the last year, we have had half a billion dollars in bilateral trade. That's a very good figure. And we are forwarding to this market textiles, machinery, mineral fertilizers, steel.

EIR: The policy of the Bush Administration, of the Cheney-Rumsfeld policy, has been based on preserving the role of the United States as the world's only superpower. The prime targets of that policy are Russia and China. China, of course, is a growing economy, propelling much of the growth now in Asia; and Russia, which under Putin's leadership has taken

itself out of the very difficult situation it had found itself in, thanks to Yeltsin's capitulation to the "shock therapy" policy, has begun to reassert itself on the world political scene. And you have seen over the last few months, numerous articles about how Russia is becoming less democratic, and the beating of the drums for a possible "color revolution" in Russia.

Do you feel that many of the problems that Belarus is facing might be a part of this new "Great Game" being pursued against Russia, with Belarus maintaining such good relations with Russia and refusing to follow the path of Ukraine and Georgia in joining the campaign against Russia?

Khvostov: We realize that this kind of political approach from the U.S. is also a result of our good relations with the Russian Federation. But we are proud to have good relations with Russia. It is also true, and we understand that this Administration is trying to minimize the role of Russia in our region where Russia had a traditional presence and where Russia objectively has important national-security interests. Of course, we, being a small country, do not have geostrategic interests. But, being a small country, we rely on the United Nations, the organization which provides such small countries with the unique possibility to be equal. So we truly believe that independently of the power any country may have, military, economic, political, or diplomatic, it is only by the decision of the UN Security Council, that war may be declared and started. Only by the decision of the UN Security Council. Not by the decision of the government of any country. So the role of the United Nations, the role of the UN Security Council for Belarus, is very, very important.

And we do recognize that actually the United States is a unique superpower. But being a unique superpower is also a big responsibility. It's a big responsibility before the international community, before friendly countries, as Belarus is toward the United States. We were never hostile to the United States—never! We have never said that the United States is an enemy of Belarus. Not at all. To the contrary: We were very persistent in proposing cooperation, instead of the isolation we were actually facing from this Administration. And I understand that such an independent approach in assessing the role of the United Nations and for developing this vision, this approach, by the government of Belarus, may irritate this Administration.

I cannot speak on behalf of the government of Ukraine, Georgia, or Kyrgyzstan. They have chosen their own path of development. But I cannot agree with this passage from President Bush's speech, where he says that revolutions bring freedom and peace. Any revolution brings chaos and blood. We know that from our own experience. The revolution of 1917, and the period following that: civil war. All the want, and the suffering of the people of Belarus during World War II. We lost, during the last war, 2.2 million people.

So we know what freedom is. And we are free people. And that has been shown during this Presidential election. And I would say that maybe because of the efforts from here

We are free people, and that has been shown during this Presidential election. Maybe because of the efforts from here and the European Union countries against the President, the people of Belarus were actually so explicit in supporting President Lukashenka in the elections. We don't like pressure, and we will never agree that somebody else, and not the people of Belarus, will decide who will be elected.

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EIR: You talked about the “shock therapy” policy. Now, in 1989, when the Berlin Wall came down, there was a drive to introduce “shock therapy” into Eastern Europe and the former Soviet Union, in experiments that ended badly for those countries that adopted it. You look at Poland, or Russia under President Yeltsin. It took Russia a long while to recover from the effects of this policy. Belarus, you say, did not adopt those policies. Tell me something about the actual economic policies that Belarus adopted at the time, and what have been the economic consequences of adopting the alternate policies?

Khvostov: Actually, Belarus has been an economic success. And everybody recognizes this. It is recognized by both the World Bank and the International Monetary Fund. And this success is due to the reasonable approach of the President, of the government, to support first the big enterprises, to let them run efficiently, and then, based on the result of the big enterprises' activities, to support the small and medium-sized enterprises, and the development of the services of Belarus. We have developed the internal market, which had not been developed before. And if you take the data from 1990, 1991, and if you take the period of 1994, when President Lukashenka came to power, and compare them to the most recent figures, there are shocking differences. We emerged from the Soviet Union. We cannot be developed based on the liberal approaches to the economy. It will be destructive. That has been shown during a certain period of time in Russia.

It was essential for Belarus to keep the big entities running in order to create the focus for the small and medium-sized industries. Yes, you may say that Poland has now shown economic development. But Poland is a member of the European Union and is financed by the European Union.

At this period of time, we need strong leadership. We need strong leadership for the foreign-policy orientation, and for economic development. Any liberal approaches for the eco-

nomical development in our case, in the situation we face, would be destructive. That's my assessment. We are facing difficulties, challenges. During this difficult period of time, we need strong leadership and a responsible approach to the question of political and economic development.

EIR: What are some of the major products produced by Belarusian industry?

Khvostov: We are one of the largest producers in the world, of tractors.

EIR: Not John Deere, I suppose?

Khvostov: No, although it looks like John Deere! But, by the production and sales of tractors, we are keeping 15% of the international market in tractors. It may not be John Deere, but we are very competitive by price, and by quality, which is improving. Belarus is currently one of the biggest producers of tractors: We produce more than all the CIS countries together, including Russia. That's a fact. We also produce what we call heavy dump trucks, like Caterpillar, for the mining industry. We produce different capacities of such vehicles, from 20-ton to 350-ton capacities. And by the production and sales, we're keeping 30% of the international market. And, what is really important: The internal market is very limited, so we are looking for other country markets. We are selling them to China, Latin America, and to the Russian market, of course. We produce a lot of TV sets, refrigerators, clothing, of really good quality. By the way, much of it comes to the United States. You can find some of the products in Lord & Taylor and other trendy stores.

EIR: Perhaps a bit more expensive than in Belarus?

Khvostov: Sometimes more, sometimes less. But always of good quality. We are the number-two country in Europe after Russia in the production of potassium and salt. We produce mineral fertilizers for this market and also for the global market. And it brings a lot of revenue to the national budget. And machine tools of different kinds. From Soviet times, we have 30 enterprises that design and produce machine tools. And of course we have direct routes to the European Union—railways, highways, and pipelines.

EIR: How developed is the transportation system? Belarus is obviously in the center of Europe, and a main route for East-West trade. Is there still a need for further development of the transportation grid to facilitate increased trade?

Khvostov: There's still a lot to be done, especially with the transportation system to the European Union. We have started to discuss how to build the transportation grid for products to and from the European Union. Since we have a different rail gauge, all this changing of rail cars on the frontier with Poland could be made more efficient. Also we have good highways and good air transportation, pipelines going from Russia to the European Union. And I think it is in the interest of the European Union to invest in the transportation infrastructure in Belarus. We realized one project and set up a direct Berlin-to-Moscow highway through Minsk, which is very efficient.

EIR: In conclusion: The U.S. now is threatening some form of sanctions, targeting particularly diplomatic exchanges and travel. What effect do you think these will have? And are you concerned about any escalation by the United States which might impose more drastic economic sanctions? How would these affect Belarus? And how have the Europeans reacted to that?

Khvostov: We have to separate politics and the economics. From the political point of view, yes, there are declarations coming from the European Union and the member countries saying they don't like the political situation, and they won't recognize the government. But I think that is a violation of the provisions of the OSCE documents, which say that there should be no restrictions in cooperation within the European continent. This is important.

There is no fear in Belarus. We have Russia, China, India, Brazil. And from the political point of view, it would be a mistake, a shame, for the European Union not to propose cooperation. From the economic point of view, I would say that the countries of the European Union are also dependent on the products coming from Belarus. Look at that 45% of our production going to the European market. So that there will be an impact on their local economies. We are fully competitive in most of these products, which means there is a market, not only in Europe. There may be problems for Belarus in finding ways to channel this production to other markets, but we will easily do that. The Russian market will take everything we produce, but there is also Brazil and China. And from this point of view, I don't see a serious impact on our economy. On the contrary, I think that such an entity as the European Union should always be trying to find a way to ease the situation, rather than to set fire to the situation. To impose sanctions on travel—this will also be a violation of the norms of the Copenhagen Document, which provides that there should be no restrictions of travel from one country to another in Europe. But we are not frightened by this situation. Besides, the world is not so small!

Voters Lash 'Orange' President in Ukraine

by Rachel Douglas

"The opposition had nothing to offer anybody," was the comment I heard from one after another Belarusian acquaintance, in the wake of that country's election, with its failed, Western-backed attempt to stage yet another "color revolution" in Eastern Europe. One week later, on March 26, the Our Ukraine party of President Victor Yushchenko—the former opposition leader who was victorious in the Orange Revolution just 15 months before—failed miserably in Parliamentary elections. It turned out that he hadn't had anything to offer, either.

What happens in the economy matters to people in Ukraine, which suffered shock after shock during the 1990s, as industries shut down, workers fled abroad in search of jobs, leaving 1 million unemployed still in the country, and people's savings were wiped out by currency devaluations. The economic highlights of 2005 were: consumer price inflation running close to 15%, a surge in gasoline prices in the Spring, the natural gas price dispute with Russia's Gazprom at year's end (as the Russians pushed to impose world market prices), and the sale of one of the country's largest steel plants to the globalist Mittal empire.

Yushchenko boasted about his success in obtaining \$4.8 billion from Mittal in this reprivatization of Kryvorizhstal. His government had cancelled its first sale as having been underpriced and based on corruption. But the question of how to spend the proceeds was quickly swamped in factional squabbles, while the President's political opponents could argue with justification: "Mittal is going to shift the plant to using coal from mines Mittal owns in Kazakstan, double the amount of Ukrainian iron ore being exported to its plants in other countries, and reduce the product range to a handful of the cheapest products, which will be used as semimanufactures at Mittal Steel plants elsewhere. Thus 20% of Ukraine's own metal is simply being expropriated, and our domestic machine-building and construction industries will have to re-import essentially our own metal at the relevant prices."

Throughout it all, Yushchenko, a farm-sector accountant and banker, stuck to his posture that the way to a better life for Ukraine was to join the World Trade Organization and the European Union—the same European Union whose Maastricht basic documents require the free trade practices that are ravaging member countries. "Our place is in the European Union and my goal is 'Ukraine in United Europe,'" proclaimed Yushchenko in his inaugural speech in 2005.

A few days later, in Davos, Switzerland, at the World