

MAIN ACHIEVEMENTS OF ECONOMIC DIPLOMACY OF THE REPUBLIC OF BELARUS

R. Hayrapetyan

Over the past two decades the Republic of Belarus has carried out large-scale reforms, formed the export-oriented economy with highly competitive in the world market products on the base of economic mechanisms, instruments and economic diplomacy methods. The country carries out rather pragmatic policy of economic and social orientation, which is, firstly, favourable environment for the development of the Belarusian economics and for improving the living standards of the population.

Keywords: *economic diplomacy, multilateral diplomacy, cooperation, export, export stimulation, negotiations, commodity structure, strategic partnership, integration, mutually beneficial cooperation.*

ОСНОВНІ ДОСЯГНЕННЯ ЕКОНОМІЧНОЇ ДИПЛОМАТІЇ РЕСПУБЛІКИ БІЛОРУСЬ

Р.А. Айрапетян

Однією з сучасних характерних рис світової економіки є те, що економічна дипломатія поступово займає домінуючі позиції, причому її головною місією є створення сприятливих умов для експорту товарів на вітчизняні ринки, захист стратегічних та економічних інтересів за кордоном, соціально-економічний розвиток країни, підвищення національної та економічної безпеки. Зростаюча залежність національних господарюючих суб'єктів від зовнішніх чинників та залучення до міжнародних економічних відносин змушують їх шукати міжнародних партнерів і створювати альянси для захисту й просування своїх інтересів у власних країнах або на міжнародній арені. Таким альянсом є Євразійський економічний союз, до складу якого входить Республіка Білорусь. У контексті єдиного регулювання економічних відносин у рамках ЄАЕС важливо виокремити економічні результати багатосторонніх переговорів, оскільки держави-члени уклали різні угоди з міжнародними економічними та фінансовими організаціями, зокрема Світовою організацією торгівлі. У разі подальшого поглиблення економічних зв'язків останні можуть перетворитися на бар'єри і в деяких випадках дискримінувати регулювання економічних відносин. Автор дослідження вивчає теоретичні та практичні прояви економічної дипломатії в країнах-членах ЄАЕС, висвітлюючи можливості, інструменти, інтенсивність та ефективність економічної дипломатії. Результати

економічної дипломатії Республіки Білорусь знаходять своє відображення в здійсненні широкомасштабних реформ за останні два десятиліття, що дозволяють сформулювати висококонкурентну експортно-орієнтовану економіку. Прагматична економічна та соціальна орієнтація країни забезпечує сприятливе середовище для розвитку білоруської економіки та поліпшення умов життя населення.

Ключові слова: економічна дипломатія, багатостороння дипломатія, співпраця, експорт, стимулювання експорту, переговори, товарна структура, стратегічне партнерство, інтеграція, взаємовигідне співробітництво.

ОСНОВНЫЕ ДОСТИЖЕНИЯ ЭКОНОМИЧЕСКОЙ ДИПЛОМАТИИ РЕСПУБЛИКИ БЕЛАРУСЬ

Р.А. Айрапетян

В течение последних двух десятилетий на основе экономических механизмов, инструментов и методов экономической дипломатии Республика Беларусь осуществила широкомасштабные реформы, сформировав экспортно-ориентированную экономику, продукция которой является высококонкурентной на мировом рынке. В стране проводится достаточно прагматичная политика экономической и социальной направленности, которая является благоприятной средой для развития белорусской экономики и улучшения условий жизни населения.

Ключевые слова: экономическая дипломатия, многосторонняя дипломатия, сотрудничество, экспорт, стимулирование экспорта, переговоры, товарная структура, стратегическое партнерство, интеграция, взаимовыгодное сотрудничество.

Statement of the problem. Modern multilateral diplomacy functions within institutional frameworks is defined by international or intergovernmental agreements. The growing dependence of national economic entities on external factors and their involvement in international economic relations pushes them to seek international partners and to create alliances (or join existing alliances) to protect and promote their interests in their own countries or in the international arena. Such an alliance is the Eurasian Economic Union (EAEU), the member of which is the Republic of Belarus.

In the context of the unified regulation of economic relations within the framework of the EAEU, it is important to unilaterate the economic outcomes of multilateral negotiations since the Member States have acquired different agreements with international economic and financial organizations. In the event of further deepening of economic ties, the latter may turn into barriers and, in some cases, discrimination in the process of normal barriers and economic relations regulation.

After the independence, Belarus significantly expanded its international cooperation aimed at the maintenance of peace and sustainable development, first and foremost in the United Nations (UN) framework. Belarus is among the founding members of the UN that was a landmark historical event in the history of post-Soviet republic. Among the former Soviet republics, Belarus was among the first that voluntarily renounced the possession of nuclear weapons and finished the weapon removal from its territory at the end of 1996. Belarus is among a few countries with 80–90% of foreign policy activities stems from the economic interests of the country [1]. To advance its foreign policy interests Belarus highly prioritizes Organization for Security and Cooperation in Europe (OSCE) regarding it a forum to advance its foreign policy interests. Government showed its full compliance to the commitments under OSCE with regard to conflict transformation in the region. The necessity to tackle the aftermath of Chernobyl catastrophe, which made the 23% of the country's territory radiated, put economic diplomacy of the state on permanently developing basis. Hitherto, millions of citizens live in radiation-affected areas, and the damage of 230 billion dollars inflicted to the state is impossible to compensate. Therefore, successful economic diplomacy is of utmost importance for the recovery of the radiation-affected areas of the country.

Review of the latest research and publications. Economic diplomacy is the least researched field of international relations, while the problems of economic diplomacy of the countries of the Eurasian Economic Union have not been in-depth studied yet. Discussing the role and significance of this phenomenon, first of all, we consider it important to clarify what is the essence of economic diplomacy and what its goals are. Originally, economic diplomacy was defined as a combination of economic events, as well as forms, measures and measures used to implement the country's foreign policy [2].

Under modern conditions, the word "diplomacy" is often used in a broader sense, in other words to indicate the model of interstate relations in the field of international relations [3]. V.D. Chathinis defines economic diplomacy as "a combination of economy and policy" that is the basis for managerial decision-making at both state and company level [4]. Thus, economic diplomacy is interpreted as the utilization of economic instruments to gain stable positions in global politics and in international relations. In fact, in this case, it is the application of unique externals changing the balance in politics and groupings. In this regard, A. Afontsev's arguments about the so-called "cooperative rhetoric", which, according to the author, are used to describe economic side of the geopolitical interaction [5].

Despite the clear goals and objectives of economic diplomacy, there is no single, universal "recipe" for each concrete country and situation [6]. The research will allow determining the optimal tools for promotion of own goals and interests and enhancement of the country's national competitiveness. For example, for the Republic of Belarus, which seeks to strengthen its position in the markets of the Eurasian Economic Union, it would be expedient to develop informational-analytical direction of the economic diplomacy at the stage of the idea development.

The objective of the research. The objective of the research is to study the stereotypes of Belarusian economic diplomacy and to reveal the existing problems.

Presentation of the research material. In the last three years, economic diplomacy of Belarus was coupled with pacifism [7]. It is quite challenging to have positive expectations from export-oriented economy in warring area. According to the National Bank of Belarus in 2016, the currency inflows were 26 billion USD, which decreased in 6.7 billion dollars (20.3%), compared to the previous year. In 2014–2016 time span, the currency inflows were reduced in 16.7 billion USD, which is linked with the decrease of demand for Belarusian products in Russia, and reduction of income from oil exportation to the EU member states [8].

Currently, Belarus has export-oriented economy. It set up trade relationship with 205 partner countries. The 90% of total export goes to countries where Belarus established diplomatic representations that became major strongholds for advancing the national interests in different regions. Export makes over the half of the GDP that is among the key sources of sustainable development of the country. The building of state-led export promotion was fully completed and is based on international experience. Currently, Belarus is exporting a very wide range of products from petroleum products, calcium and nitrogen fertilizers, metalworking to tractors, trucks, buses, fridges and icehouses, chemical fibres, clothing, footwear, meat products, dairy products and sugar. In terms of exporting calcium fertilizers Belarus is on the third place in the world and has 30% share in the market of dump trucks, 10% share in the market of tractors and 7% share in the market of combine harvesters [9]. The abrupt changes of external economic conjuncture make the country to diversify its exports. Belarus is not an exception and actively entrenches its positions in the new and perspective markets of Africa, Asia and South America. Certainly, the world economic crisis had its negative impact on the markets of both Belarus and all the Eurasian Economic Union (EEU) countries, which is especially evident in the figures of investment and foreign trade that were markedly decreased. The pre-crisis benevolent external environment is somehow worsened. The figures are showcased in the table below.

Table 1

**The dynamics of exports, imports and FDI of Belarus
for 2007–2017 time span**

Indices	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Export	24.3	32.6	21.3	25.3	41.4	46.1	37.2	36.1	26.7	23.4	29,3
Import	28.7	39.4	28.6	34.9	45.8	46.4	42.9	40.6	30.3	27.6	34,2
FDI outflow	0.0	0.0	0.1	0.1	0.1	0.1	0.2	0.0	0.1	0.0	0.0
FDI inflow	0.8	2.2	1.2	1.4	4.0	1.4	2.2	1.8	1.7	1.2	1.2

As it is evident from the table above in 2009 the exports of Belarus decreased in 28.5% vis-à-vis 2009, while the FDI inflow decreased in 45.5%. FDI outflow reached its peak in 2013 with 246 million USD. 2011–2012 time span was unprecedented for Belarus in terms of both foreign trade and investment attraction. In 2011 export, import and FDI inflow of Belarus increased in comparison with the previous year with 63.6%, 31.2% and 85.7% respectively. In “ease of doing business” reported by Doing business in 2019 Belarus is in 35th place and improved its positions in 22 points compared with the identical indicator of 2015 [10]. Notably, Belarus set a strategic goal to be in top 30 countries in Doing Business index.

The structure of exports of Belarus is shown in table 2.

In 2017, the exports of Belarus were 63.5 of that of the base year. Based on statistical data one can infer that the structure of exports of Belarus is not based on raw materials. The proportion of “Mineral fuels, mineral oils and products of their distillation; bituminous substances” was only 23.6%, while it was more than 1/3 (35.6%) in 2012. In 2017, the export of mineral and agricultural products was 66.8% and the proportion of only agricultural products was 22.5%. While keeping the MFN principle Belarus nevertheless tries to exert more efforts on more crucial and prospective directions, i.e. Russia and neighbor countries. In 2016, 46.5% of total exports of Belarus were exported to Russia and 55.4% of total imports were from Russia. Those indicators surpass those of 2010 that were 39.4% and 51.8% respectively [11]. Belarus works hard to harness the untapped potential of strategic partnership with Russia as much as possible in the framework of both bilateral and multilateral agreements. The extended bilateral agenda is due to geographical, geostrategic, historical factors as well as complementarity of economies and close ties among the enterprises of both countries. At the same time, Belarus consistently keeps its international obligations with regard to maintenance of territorial integrity and sovereignty of states.

Table 2

**Labels of 25 most exportable products of Belarus
for 2012–2017 time span (million USD) [9]**

Code	Product label	2012	2013	2014	2015	2016	2017
1	2	3	4	5	6	7	8
	Total export	46.059	37.203	36.080	26.660	23.537	29.267
27	Mineral fuels, mineral oils, products of their distillation; bituminous substances	16.390	12.043	12.084	7.768	4.848	6.917
31	Fertilizers	3.007	2.464	3.053	3.182	2.413	2.642
04	Dairy produce; birds' eggs; natural honey; edible products of animal origin	1.894	2.343	2.366	1.784	1.859	2.180
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	4.723	3.525	2.478	1.566	1.840	2.299
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	1.990	2.104	1.662	1.081	1.305	1.496
39	Plastics and articles thereof	1.067	1.137	1.115	0.877	0.913	1.066
44	Pulp of wood or of other fibrous cellulosic material; recovered	0.545	0.684	0.790	0.695	0.843	1.124
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television	1.100	1.053	0.899	0.665	0.756	0.942
02	Meat and edible meat offal	1.005	0.992	0.860	0.671	0.692	0.749
73	Articles from base metals	0.934	0.941	0.908	0.641	0.643	0.796

Continuation of Table 2

1	2	3	4	5	6	7	8
99	Commodities not elsewhere specified	0.447	0.487	0.596	0.655	0.636	0.791
72	Iron and steel	1.223	0.974	1.043	0.783	0.621	0.841
94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings	0.525	0.602	0.588	0.397	0.423	0.546
40	Rubber and articles thereof	0.769	0.674	0.448	0.312	0.336	0.339
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical	0.338	0.358	0.361	0.296	0.320	0.327
16	Fish and crustaceans, mollusks and other aquatic invertebrates	0.564	0.558	0.431	0.234	0.258	0.350
07	Edible vegetables and certain roots and tubers	0.114	0.178	0.305	0.284	0.236	0.314
70	Glass and glassware	0.246	0.257	0.229	0.176	0.213	0.254
38	Other chemical products	2.885	0.167	0.487	0.389	0.205	0.224
25	Articles of stone, plaster, cement, asbestos, mica or similar materials	0.202	0.229	0.238	0.164	0.203	0.266
17	Sugars and sugar confectionery	0.310	0.346	0.275	0.225	0.199	0.208
08	Preparations of vegetables, fruit, nuts or other parts of plants	0.099	0.147	0.210	0.267	0.196	0.156
62	Articles of apparel and clothing accessories, knitted or crocheted	0.315	0.332	0.316	0.180	0.193	0.222
61	Articles of apparel and clothing accessories, not knitted or crocheted	0.254	0.255	0.218	0.146	0.180	0.205

Based on historical similarities and economic and political ties Belarus strives to deepen its relations with the other post-Soviet states too. Ardently supporting the idea of integration, Belarus has active and constructive stance in post-Soviet economic and military formations such as the Community of Independent States (CIS), the EEU and the Collective Security Treaty Organization (CSTO). In European continent, the priorities of Belarus are intensification of relations with the EU member states in the areas of trade, investment, transport, energy, environment protection, border and regional cooperation. In 2016, the EU removed its sanctions, which unfolded new horizons of cooperation with the EU member states. In 2016, exports to the UK, Netherlands and Germany totaled 12.5% of overall exports of Belarus [9]. The country had also unprecedented success in knowledge-intensive and IT spheres. In 2011–2014 time span the volume of export of IT increased thrice exceeding 10 billion USD [12].

For the political dialogue with the EU a new format was set up – Belarus-EU coordination group with its first session held in 2016 in Brussels. The relations with the south reached a new level. Regardless of complex political relations, Belarus consistently works to improve the relations with the USA and to develop its partnership with the states of Asia, Latin America and Africa [14]. The diversification of trade and deepening of economic cooperation with the mentioned regions will become a requisite for the further growth of export-oriented economy of Belarus. Belarus is interested in deepening cooperation with Shanghai Cooperation Organization (SCO) countries in political, economic, transport, scientific and military-technical fields to activate the cooperation in both regional and global issues. Belarus intends to obtain an observer status in SCO and cooperate in the areas of mutual interest.

Conclusion. The steps made in the development of the economic diplomacy of Belarus allow us to conclude that economic diplomacy is the “business card” of Belarus. Its main achievement is the accessibility of foreign scientific, informational and technological resources [15]. This was due to the effective participation in global and regional integrations. The need to mitigate the repercussions of the world financial crisis made Belarus deepen its cooperation with Food and Agriculture Organization (FAO) and United Nations Industrial Development Organization (UNIDO). Particularly, Belarus signed a cooperation agreement with the FAO in September 2014. With UNIDO Belarus is in active cooperation since 1985. In UNIDO frameworks, Belarus initiated mechanisms for access alternative and renewable energy sources [16].

In 2013, Belarus and UNIDO co-adopted a new program that envisages five spheres of cooperation:

1. Environment and energy, including resource-efficient and clean production, water resource management and new sources of energy and energy efficiency.
2. Technological education including innovations and development.
3. Investment promotion and technology transfer.
4. SME cooperation and development.
5. Reinforcement in the fields of industry and agricultural food.

According to the mentioned document, Belarus has to establish international center of industrial cooperation with the main objective to intensify government's efforts through technical support to increase the competitiveness of industrial enterprises [17].

Overall, Belarus offered 10 scientific and innovative projects to UNIDO that include fields such as environment, energy, technology transfer, SME cooperation and development, etc. Furthermore, it is planned to extend cooperation to the fields of technological forecast and innovative solutions.

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Наурапетыан Роберт Арман, PhD student, Chair of “International Economic Relations”, Armenian State University of Economics. Address: Nalbandyan, 128, Yerevan, Armenia, 0025. Tel.: +37491117211; e-mail: robeyerevan1@gmail.com.

Айрапетян Роберт Арманович, асп., кафедра «Міжнародні економічні відносини», Вірменський державний економічний університет. Адреса: вул. Налбандяна, 128, Єреван, Вірменія, 0025. Тел.: +37491117211; e-mail: robeyerevan1@gmail.com

Айрапетян Роберт Арманович, асп., кафедра «Международные экономические отношения», Армянский государственный экономический университет. Адрес: ул. Налбандяна, 128, Ереван, Армения, 0025. Тел.: +37491117211; e-mail: robeyerevan1@gmail.com.

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