

The Belarusian hi-tech revolution: the government drafts an ambitious decree

Last month, Belarusian IT businessman [Victor Prokopenya](#) published a post on Facebook informing the public about a new decree on High Tech Park. This led to fervent discussion in the Belarusian media, with a number of articles devoted to the topic.

After meeting with HTP head [Usievalad Jancheuski](#) and Prokopenya, Belarusian president Alexander Lukashenka repeatedly mentioned that fundamental measures would be taken to develop the IT industry. 'We have set an ambitious goal – to turn Belarus into an IT-country,' said Lukashenka at the plenary session of the 4th Belarus-Russia Forum.

The new IT decree, drafted by a group of representatives from HTP, state bodies, specialists from leading IT companies, and legal and financial experts, aims to address the [problems of the Belarusian IT sector](#). From cryptocurrencies and investment funds to English law and immigration policies, the decree is groundbreaking in the number and types of reforms it sets out.

Optimists believe that this sensational decree could turn totalitarian Belarus into an 'IT Hong-Kong for the Slavic world'. Others remain critical of the fact that the government has neither published the decree nor opened it up for public discussion, suggesting that certain points may be controversial. Thus, whether the decree will benefit the whole country's economy or merely widen the already existing gap between privileged IT companies and other sectors remains unclear.

New benefits for the IT business

Most importantly, the decree prolongs already existing tax benefits for IT businesses, which will help sustain the growth of [Belarus's most successful industry](#). The document also makes numerous large and small amendments which remove limitations on the sector's further growth.

With the new decree, HTP will open its doors to large IT product companies, export-oriented ITES (IT enabled services), and companies working in other hi-tech spheres (such as medicine, biotechnologies, and electronics). Not only will this create thousands of well-paid jobs for Belarusians, it will also broaden the type of activities High Tech Park engages in.

Moreover, the decree welcomes investment funds, including venture capital, which is crucial for the sphere's growth. In March, the head of Flint Capital announced the readiness of international investment funds to come to Belarus once the necessary legislative conditions are created. Thus, if the government implements the legislative changes – such as cancellation of subsidiary liability for HTP residents in case of bankruptcy – more investment funds and venture organisations will enter HTP.

What's more, the decree simplifies the business process, allowing IT companies to implement various business models, such as earnings on advertising, marketing activities, games with internal currencies, etc. For example, it would be possible for Google or Facebook, which make money off advertisement, to become HTP residents. At the same time, investment funds and lifted restrictions regarding earnings will encourage Belarusian companies and startups to remain in the country, as they will be able to find finances and

opportunities for development in Belarus.

English law, currency control, and documentation changes

The decree stipulates the application of English law, which would stimulate shareholder agreements, investment partnerships, and non-competition agreements with employees. This measure would boost investment activity and also structure transactions for Belarusian IT business sale.

Furthermore, in order to reduce the risks associated with the unstable Belarusian economic situation, the decree would abolish control of the movement of capital. It would also eliminate a significant amount of paperwork that companies engaging in foreign trade have to deal with. Experts consider these steps crucial for making Belarus appealing to large foreign enterprises, as they do away with some of the most frustrating bureaucratic procedures with which enterprises must contend.

The decree will uproot old Soviet-style legislation, involving complex document circulation, which prevents Belarus from adopting business practices preferred in much of the rest of the developed world. Key IT players lack the incentive to enter the Belarusian market as long as these time-consuming practices continue to exist. Thus, simplification of legislation is a wise move if Belarus wants to attract big names in the tech sphere.

Cryptocurrency and unmanned vehicles



On 17 July, the National Bank of Belarus announced the introduction of blockchain technologies for solving a wide range of problems in the banking sector and outside it. This decision is rooted in the HTP decree, which legitimises cryptocurrencies and tokens based on blockchain technology.

The proposed legal regulations would allow HTP residents to provide crypto-exchange services, use cryptocurrencies in everyday life, and attract ICO financing. Potentially, this could also lead to the creation of crypto-centres for generating crypto-code. Given the increasing legal status of cryptocurrencies around the world, their legitimisation could allow Belarus to directly benefit from this trend .

The decree also creates the legal basis for the development of

unmanned vehicle technologies in Belarus. In May, Uber's regional head and the CEO of Gett announced the opening of R&D centres in Minsk. Their motives for doing business in Belarus relate to existing information about upcoming reforms for HTP. Additionally, the decree makes provisions for a legal act which would even allow the circulation of 3rd-class unmanned vehicles on Belarusian roads. Hence, Belarus could become one of the first countries in the world to launch driverless cars.

One country – two systems?



The decree sets the ambitious goal of turning Belarus into a world centre for IT development and innovation. However, its critics insist that the decree would enforce a 'one country, two systems' formula, by which HTP would function according to capitalist laws while the rest of the country remains socialist. This would exclude non-IT spheres from the same privileges and reforms, creating an unfair and unbalanced

economy.

Furthermore, some criticise the fact that Belarusian society has no access to information on the development of the decree. Thus, the public cannot influence the decision-making process. Key IT figures participating in the drafting of the decree are struggling to attain privileges for themselves, let alone campaigning to amend the Civil Code for everyone. Thus, critics claim that the decree will foster the IT industry exclusively and question whether it will benefit the rest of the country.

However, IT specialists respond that although the decree primarily targets HTP, it will also allow the expansion of IT activities to education, science, finance, and other fields. Moreover, it will create more well-paid jobs, thus increasing the size of [the wealthy class of Belarusian programmers](#) and preventing brain drain.

More well-paid workers will consequently increase Belarus's tax revenue. Additionally, the decree will foster improvement in IT education as HTP residents will be able to carry out educational activities, contributing to IT education at schools and universities.

Nevertheless, the question remains of how an authoritarian state with no experience in regulating investment funds or venture organisations will ensure everything functions at an optimal level. Despite doubts, experts are expressing hope that once the decree is fully implemented, it might eventually de-bureaucratise the Belarusian economy and bring positive changes to the conservative state apparatus.