

6th Annual 'Belarusian Studies in the 21st Century' Conference

The UCL School of Slavonic and East European Studies, the Ostrogorski Centre and the Francis Skaryna Belarusian Library and Museum invites to the Annual London conference on Belarusian Studies.

The conference will take place on **18–19 February 2020** via Zoom.

The conference serves as a multidisciplinary forum of Belarusian studies in the West and offers a rare networking opportunity for researchers of Belarus.

Professor David Marples will deliver the Annual London Lecture on Belarusian Studies from the University of Alberta, Canada. The title is 'Stalin's Ghosts, Parasites, and Pandemic – the Roots of the 2020 Uprising in Belarus.' [Russian law expert](#).

The working language of the conference is English. Selected papers presented at the conference are peer-reviewed and published in [the Journal of Belarusian Studies](#).

Conference programme

[Conference Programme_05_01](#)

The provisional programme of the conference is also available for download [here](#). For any questions, please email belstudies.conference@gmail.com.

▪ Register on [Eventbrite](#) no later than on 16 February

2021. The conference proceeds will be directed to scholars in Belarus who face difficulties because of their political views.

Ostrogorski Centre in 2018: focus on education

It is my pleasure to present you with an overview of our activities in 2018. It has been a successful year with the Ostrogorski Centre serving as a hub for producing articles, policy papers and events relevant to the transformation of Belarus.

In 2018, education-related work moved to the core of the Centre's activities. Following an open call for proposals, we selected several applications to tackle important problems, which Belarusian higher education sector faces – from plagiarism and teaching techniques to improve the quality of scholarly publications of Belarusian authors. In collaboration with leading Belarusian think tanks, the Centre arranged a series of meetings with experts from other countries as well as a major conference in Minsk in December.



Conference on higher
education reform in Minsk
(December 2018)

We already published policy papers on [non-formal education in Belarus](#), [reform of legal education](#), and [new forms on practice-oriented business education](#) with more to come in 2019. In addition, we published a major study on [Belarus-Lithuania](#)

[relations](#). All our papers are normally published in Belarusian or Russian and English.

The Ostrogorski Centre disseminates its work not only using traditional publications, seminars and conferences but also by maintaining a [video archive](#) of all conference panels with text summaries of discussions. This approach helps us to multiply the effect of meaningful discussions and the impact on policymakers through the Internet to a much wider audience. All videos are kept in a dedicated archive on [Ostro.by](#).

What our audiences are interested in?

Belarus Digest, our main English-language media outlet, continues to provide balanced information for both Belarusian and foreign audiences who desire to know more about Belarus, its politics, society and economic development.

According to the web site's statistics, our articles on [travelling to Belarus](#) have become more popular than political articles, which is a missed blessing. On the one hand, it is good that the country is becoming more open and people want to visit Belarus – the visa-free regime certainly facilitates it. On the other hand, the reduced interest in Belarusian political and economic problems is an indication of less interesting in Belarus in the world, despite the increasingly assertive Russian foreign policy.

BelarusPolicy.com – our database of policy papers now contains around 400 full-text papers with abstracts in Belarusian, Russian and English and download counters. It is interesting to compare its different language versions. While people visiting the Russian-language version are primarily interested in economic issues, the foreign policy section is the most popular with those visiting the Belarusian-language and the

English-language versions. Overall, studies of the [Belarusian army](#), [public procurement](#), [the Belarusian ruling elite](#) and the possibility of the [authoritarian modernization](#) of Belarus generated most interest in 2018.

The Ostrogorski Academy shows a different trend where most popular videos related to the history of Belarus, more precisely with the Belarusian view of the [Grand Duchy of Lithuania](#). The views of this course in the Belarusian language by far exceed the second most popular course dealing with [theory and practice of economic crisis](#) (in the Russian language). Most people find our videos on YouTube and share them on social networks.



Annual London Conference on
Belarusian Studies (March
2018)

Last year we organised the fourth edition of the [London conference on Belarusian Studies](#) and the annual lecture was supported by the British Association for Slavonic & East European Studies. The event was well-attended, and its participants included Stanislau Šuškievič, the first head of independent Belarus (in office 1991-1994), and the UK ambassador to Belarus, Fiona Gibb.

Our **Journal of Belarusian Studies** was included into the Scopus database in October 2018, confirming its role as not only the oldest surviving but also the most academically rigorous journal on Belarus in the world. [The 2018 issue](#) has already been published featuring high-quality publications of authors from Germany, Czech Republic, Belarus and other countries.

Most of our activities in the United Kingdom are self-funded and help us to fulfil the two important goals of the Centre – to locate and engage Belarusians working in the West in policy

analysis and other activities related to Belarus, and to popularise studies of Belarus in Western Europe and the English-speaking world.

Future plans

In 2019, we plan to strengthen our work on facilitating the reform of the higher education sector in Belarus as well as our policy analysis in the area of foreign policy and civil society. We will continue to work on reversing the brain drain so that Belarusians, regardless of where they are based, contribute to better governance in Belarus, hopefully in cooperation with policymakers.

As the same time, we will continue help Belarusian think tanks, experts and scholars to become more integrated into international scholarly networks, databases and events through Belarus Digest, the Journal of Belarusian studies and other successful projects of the Ostrogorski Centre.

I would like to thank all our supporters and collaborators. We remain open to your ideas about new research projects, events and other initiatives. Please do not hesitate to [get in touch](#) with me.

- The full Annual Report of the Ostrogorski Centre is available [here](#).

Protest theatre, not-for-

women jobs, and Kurapaty defense – Belarus civil society digest

Good Neighbour festival gathered around 120 grassroots leaders in Minsk. Urban festival *Kartonka* held in Vitebsk for the first time at a local printing plant.

Petitions.by team starts a tour over Belarus to change the regions for the better. Civil society involves the business and the media community in the discussion of the restaurant near Kurapaty and puts a pressure on the restaurant's owners.

The report by *Legal Initiative* CSO confirms human rights violations in the Belarusian army. *Her Rights* Center discussed not-for-women jobs in Belarus. UN Human Rights Council adopted a critical resolution on Belarus, 'absurd by design and substance' according to Belarusian MFA.

This and more in the new edition of Belarus civil society digest.

Summer festivals

[Good Neighbor festival](#) gathered around 120 grassroots leaders in Minsk. The event took place on June 30 and aimed to share best practices in engaging neighbours into joint activities to change the life of their local communities. The event was organized by the Office for European Expertise and Communications and supported by the US Embassy.

[CSOs presented themselves at Our Day festival](#). On June 30, the Assembly of NGOs brought together civil society organizations and initiatives to present the third sector at a large music festival of Belarusian music [Our Day](#). 12 CSOs organized their

interactive, creative spots at a zone of civic activity.

[ART picnic Mezhan'](#) to be held on July 14-15. This is an annual open-air festival held by downshiffters who moved to live to Chyrvony Kastrыchnik village in the Gomel region. They bought most of the houses there and organize festivals and excursions for the youth to promote the rural way of life. The art picnic includes fair of artisans, performances, as well as starry sky and amazing beauty of nature around.

Education

[Biz4all-2 School trained new social entrepreneurs](#). The final presented 16 teams, which showed that many charitable projects and CSOs put the business component in the first place, which reduces dependence on foreign assistance. The Biz4all-2 School was held under *Incubator of Social Entrepreneurship* program, organized by ODB Brussels and supported by the EU.



A lecture in ECLAB. Source: eclab.by

[ECLAB has the fourth graduation of students](#). During the academic year, the students took up to 10 academic courses. European College of Liberal Arts in Belarus (ECLAB) was created in 2014 as an informal alternative to the system of Belarus' higher education with its shortcomings from the Soviet epoch. The Liberal Arts model combines research, contemporary art, intellectual journalism, and teaching.

[Belarus Urban Fellowship accepts applications](#). The new program is organized by the New Ideas Center and designed for new leaders under 30 years' old who is engaged in the development of regions and small cities. The first three sessions of the program will be held in Minsk and the fourth – in Berlin. Applications are accepted until July 15.

[Media Management School opens its next set](#). During 5 months of training, the participants will deepen their knowledge in strategic planning, content management, the editorial board organization, etc. The School works since 2017 and has almost 50 graduates. The School is organized by Studio for Useful Competencies (Hrodna) and IBB School of Journalism. Deadline for applications is August 1.

Civil society activities

[Petitions.by team starts a tour over Belarus](#) to change the regions for the better. The organizers warn that they are not going to solve problems instead of local residents, but help to form a team of activists and tell how to achieve specific results. [Petitions.by](#) is a website through which every Belarusian can exercise her/his right to take part in governance through e-appeal to state bodies.

[Civil society wins concessions while defending Kurapaty](#). The protest leaders attempted to enter into a dialogue with the authorities to discuss the situation around the place of Stalin-era executions near Minsk. They also involved the business and the media community in the discussion and put pressure on the restaurant owners near Kurapaty.



Belarusian civil society activists install a cross near Kurapaty. Source: racyja.com

[Theatre play is dedicated to the construction of a battery plant](#). The independent theatre *Krylya Khalopa* in Brest presented a performance titled *Antigone.IPOWER*. The play is linked to the ancient Greek tragedy *Antigone* with the [activity](#) of Brest residents against the construction of a battery plant near the city. Thus, the art raises and

communicates current public problems.

[Talaka: 4 out of 5 Belarusian crowdfunding campaigns fail.](#)

During 5 years of its activity, a crowdfunding platform Talaka.by launched 1,824 initiatives. However, the results show that only 1 in 5 running projects successfully implemented. Most of them stop in the beginning. To solve this problem, Talaka kicks off its own crowdfunding campaign [Talaka 2.0](#) to upgrade its functional.

Other

[Discussion about not-for-women jobs](#) took place in Minsk, on July 9. The event was organized by *Her Rights* Center and presented a [survey](#) on the list of prohibited jobs for women in Belarus. The list includes 181 professions and 42 working fields and forbids women to work as a diver, a carpenter or a driver of long-distance passenger buses with over 14 seats.

[CASE Belarus: Employment of former prisoners can be profitable.](#) The benefits of re-socialization and recruitment of former prisoners in Belarus can be up to \$56K per person. This is one of the findings of a study on the assessment of the program for the reintegration of the released from prisons, conducted by the CASE Belarus Research Center. The study involved 30 former prisoners during 2014-2017.

[Report on monitoring human rights violations in the Belarusian army](#) released. 171 respondents took part in the online survey conducted by *Legal Initiative* CSO. 56.1% answered positively to the question of applying psychological pressure, a humiliation of honour and dignity during their obligatory military service. An interactive map with problematic military units of Belarus is expected on the results of monitoring.

[UN Human Rights Council adopts a critical resolution on Belarus, renews country mandate.](#) The resolution on Belarus was

supported by 19 delegations, with 6 votes against and 21 abstentions. The document is based on the [report](#) prepared by Miklós Haraszti, UN Special Rapporteur on the situation of human rights in Belarus. Belarusian MFA [calls](#) the resolution 'absurd by design and substance.'

Belarus Digest prepared this overview on the basis of materials provided by Pact. This digest attempts to give a richer picture of the recent political and civil society events in Belarus. It often goes beyond the hot stories already available in English-language media.

Belarusian Independence Day: tanks and “carnivals”

On 3 July Belarus celebrated [its official Independence Day](#). Many Belarusians felt frustrated despite a [military parade](#) and festivities to celebrate the achievements of the national economy. While Alexander Lukashenka branded the parade as “the best” in Belarus’s history, Minsk residents complained of traffic jams and damage to public roads.

In both Minsk and other centres, local authorities have traditionally celebrated Independence Day with displays of what they considered the most important achievements of the Belarusian economy, showing off refrigerators, washing machines, hospital equipment and tractors.

Rocket launchers and T-34

tanks attack Minsk's streets

So, what did Minsk's streets endure on 3 July this year? About 250 military vehicles took part in the parade, including multiple-launch rocket systems (Smerch, Grad, and Polonez) and anti-aircraft missile systems (S-300 PS, Osa-AKM, and [Tor-M2](#)). As well, T-72 B battle tanks, BMP-2 infantry fighting vehicles, and BTR-70 family vehicles also rolled through the streets. As has become tradition, the legendary WW2 T-34-85 tank led the convoy.

The hundreds of armoured vehicles put colossal pressure on the roads, leaving numerous cracks in the asphalt surfaces. Each year, after military parades, Minsk's residents share pictures of tank tracks and bumps left on the roads.



Source: tut.by

In 2017 more than 9,000 Belarusians signed a petition against military parades in the centre of Minsk. Among major complaints, they listed ecological damage, excessive noise, traffic jams, and road damage.

To date Belarusian state officials have downplayed public concern about road damage and other inconveniences caused by annual parades. The Ministry of Defence emphasises that military parades take place in accordance with the decision of the President of Belarus and with the full support of the Belarusian people. The Ministry of Defence adds that the potential relocation of any annual military parade would significantly raise its costs.

Dzianis Glinsky, the head of the capital's road administration, rebutted claims about road damage caused by armoured vehicles. According to Glinsky, tank tracks hardly constitute a danger to the capital's asphalt and concrete

surfaces.

A risky show funded by taxpayers?

Despite optimistic affirmations from top Belarusian officials about the parades' popularity with the general public, each year Belarussians discuss them in a negative context. First, the use of a large volume of military equipment inevitably leads to incidents. In June 2017, during a parade rehearsal, a tank hit a lamppost on one of Minsk's central streets. The video of the incident has garnered significant attention and collected more than 754,000 views on YouTube.

In June 2018 an infantry fighting vehicle near Hrodna accidentally crashed into a passing car, injuring the car's driver. The incident led to the heated discussion of parades' feasibility across Belarus.

Expenditure on military parades also raises concerns. Since [the Ministry of Defence](#) has not divulged parades' costs, several analysts have attempted to estimate their budget independently. Naviny.by reported that Belarusian taxpayers paid approximately \$2.37 million for the arrangement of the 2017 parade. Analyst Aliaksandr Alesin provided another figure: in 2009, he claims, the military parade cost taxpayers about \$50 million. Taking into account the reluctance of the Ministry of Defence to disclose the real figure, speculations about parades' budgets will continue.

The scenarios of the annual military parades annoy some Belarusians. The "carnival" part of the parades receives an utmost criticism. For instance, Belarusian internet users mocked the previous year's parade, which featured Belarusian-made refrigerators, washing machines, and TV-sets as a

demonstration of national industrial success. Amid criticism, the recent parade avoided showing off refrigerators and stuck to dancers and singers instead.

Consequently, the feasibility of an expensive and sometimes dangerous [display of the nation's military power](#) remains questionable for a number of Belarusians. Two weeks ago a popular newspaper, "Nasha Niva", conducted a survey asking whether the celebration of Independence Day should involve a military parade this year. 85 % of respondents replied that it should not.

Or a patriotic display of national unity?

For Lukashenka, an annual demonstration of the nation's military might serves to unify of the Belarusian people. The president maintains that the nation must see a [battle-ready Belarusian army](#). According to Lukashenka, Independence Day's parades must be "impressive" and their arrangement should "spare no resources". In this way, annual military shows continue to remain a viable tool of the Belarusian state ideology with [aviation](#), armoured [vehicles](#), and [missile systems](#) as irreplaceable components.

Globally, approaches to military parades vary from "spare no resources" to the utterly pragmatic. While the United States and the United Kingdom constrain themselves to soldiers and horses, the post-Soviet States traditionally engage armoured vehicles in parades. Hundreds of battle tanks and infantry fighting vehicles hit the streets of Moscow and Kazakhstan's Astana on a yearly basis.

In this way, Lukashenka's intention to carry on with impressive parades despite the growing national displeasure

looks in line with his neighbours' policies. Armoured vehicles will, therefore, continue to roll through Minsk's streets next year, resulting in additional cracks and tracks, much to the anger of the capital's citizens.

Animal cruelty in Belarus

In March 2018 several Belarusian media reported the shocking treatment of homeless animals in Babruisk. Staff members at the animal shelter, which has been nicknamed the "death camp", allegedly applied the euthanasia drug T61 on unsedated animals, causing immense suffering to thousands of cats and dogs. The volunteers from a Babruisk-based animal protection society, "Goodness", have campaigned against animal abuse at the "death camp", yet their voices remained unheard.

At present, Belarusian legislation does not penalise animal abuse. Instead of regulating pets' reproduction properly, the Belarusian state mandates the capture and killing of homeless animals to municipal services and private organisations. Consequently, about 80,000 homeless cats and dogs vanish each year in animal shelters similar to Babruisk's "death camp". So far, Belarusian state officials have ignored constructive legislative proposals submitted by the animal protection societies.

Animal cruelty in Belarus from the legal point of view

Thousands of cats and dogs become homeless in Belarus each year. Some are abandoned by their owners, others live the

street life from birth. Most end up in animal shelters. After a basic medical check, the shelters' staff immediately put down the ill ones. The healthy animals remain in a shelter for about a week. After that time, if no one has adopted them, the shelter performs euthanasia and sends the animals' remains for processing into bone flour.

Not everyone in Belarus agrees with such a sad state of affairs. Numerous volunteers and animal protection societies across the country petition to stop the legalised animal abuse. According to Hanna Khrapunenka, the board member of "Egida" animal protection society, Belarusian animal welfare legislation requires urgent reform. While the Belarusian state considers the capture and killing of homeless animals the only way to control their reproduction, more humane options also exist.



Source: gomel.today

Animal protection societies "Egida" and "Zoochance" have proposed a number of changes to the existing law on animal treatment. First, the state should arrange proper animal shelters instead of "death camps" – temporary places where pets painfully await their death. Moreover, revised legislation should prohibit cruel animal treatment, exercised by municipal services on a daily basis.

Second, the state should actively promote compassion towards homeless animals and encourage people to adopt pets from the shelters. Third, the new law should ban reproduction of mongrels and not pure-bred animals. Only certified pure-bred animals should reproduce, provided their owners pay a special reproduction tax.

Hanna Khrapunenka emphasises the high demand for pure-bred animals as a separate problem. Many Belarusians willingly buy

pure-bred or semi-pure-bred animals. As a result, animal breeders stimulate the reproduction of pure-bred species and mongrels, while thousands of non-pure-bred cats and dogs have to die on streets or in shelters.

How social media save thousands of animals from “death camps”

Social media play a crucial role in spreading information about pets staying in animal shelters. Belarusian volunteers have created numerous groups on social networks, where they constantly update information about animals in an urgent need of a host. For instance, Olga Barbarchyk, a volunteer from Minsk, created a group on the VKontakte social network in order to help homeless animals trapped in Minsk’s ill-reputed animal shelter “City’s Fauna”. During the four years of the group’s existence, numerous hosts from Belarus and Russia have adopted pets from “City’s Fauna”.

The web-portal egida.by, established by the “Egida” animal protection society, maintains an online database of homeless animals rescued from animal shelters across Belarus. Anyone willing to adopt a pet should contact “Egida’s” support team.

The option of online donations also exists for those unable to take a pet.

A group of social activists from Minsk has recently developed a remarkable initiative, “Happiness Greets you With a Paw”. The initiative aims to combine assistance to the elderly with homeless pets’ adoption. The activists proposed to take homeless animals to elderly people living separately from their relatives. By taking care of pets, the elderly should increase their mobility and communication practices. The organisers stressed that only adult pets could take part in

the initiative since they possess fewer chances to find a host. Moreover, all the pets participating undergo a prior medical check.

The persecution of animal protection activists

While providing a heroic service, Belarusian animal protection activists have experienced several persecutions from the animal shelters' administrations. The case of Juliya Hrenkava, a volunteer from Orsha, received particular attention in Belarus's media.



Source: euroradio.fm

On 21 March 2017, Ms Hrenkava live-streamed her secret visit to the animal shelter in Orsha via the social media platform Odnoklassniki. She wanted to show the pets to potential hosts. The following day the local police detained Ms Hrenkava for unlawful entry to the shelter.

The Orsha court classified Ms Hrenkava's live-streaming as a "foreign media production" and fined the volunteer for "illegal media production and distribution". Eventually, Hrenkava's case became the first incident of [a vlogger persecuted by Belarusian authorities.](#)

Veranika Hantsevich, the chair of "Egida" animal protection society, also recalls the persecution of animal protection activists. In 2012 the administration of the notorious Minsk's animal shelter "City's Fauna" kicked out volunteers who took care of the trapped animals and searched for potential hosts.

According to Iryna Kavalerava, the chair of Babruisk's

“Goodness” animal protection society, the administrations of Belarus’s animal shelters pursue their own financial interests. In particular, Kavalerava mentions that the administration of Babruisk’s “death camp” allegedly received unconfirmed financial rewards for putting down as many homeless pets as possible. Unsurprisingly, the efforts of animal protection societies sometimes meet a wall of resistance.

Mahatma Gandhi once stated that “the greatness of a nation and its moral progress can be judged by the way that its animals are treated.” Unfortunately, the ignorant attitude of the Belarusian state towards homeless animals demonstrates an obvious moral regress. The state’s unwillingness to develop advanced animal welfare legislation cannot be justified. Despite this, the countless efforts of Belarusian volunteers and animal protection societies bring hope.

Skyrocketing economic growth and weak regional development – digest of the Belarusian economy

On 16 March 2018, the official statistical body of Belarus Belstat has announced that GDP growth in the first two months of the year has accelerated.

Meantime, the weak regional development casts doubt on the sustainability of Belarusian economic growth in the future. Decreasing population number, lack of investment, and depressed business climate accompanied by low average wages

play here a crucial role.

Finally, on 20 March 2018, the President of Belarus Alexander Lukashenka has announced plans for the establishment of a new ministry – The Ministry of Digital Economy. The digital transformation of the economy needs authorized governance.

Economic growth: Shifting to the fifth gear

According to Belstat, in January-February 2018 the GDP growth reached 5.6 per cent year-on-year. The industrial production has increased by 10.3 per cent and exports of goods by huge 36.5 per cent (in January). Finally, during the first two months of 2018 investment in fixed capital has increased by 24.8 per cent year-on-year.

The current positive economic figures ground on several factors. First, the world oil prices increased during the previous year. Second, because of administrative stimulus real wage growth accelerated, which led to the expansion of consumer demand.

Third, because of first two factors, the economic mood of economic agents significantly improved. Firms expect more orders, hire more workers, and actively lend and invest. Households, hoping for more income in the future, actively take loans, increasing current consumption. Banks began to lend more actively while continuing to reduce credit rates.

These positive shocks warmed up domestic demand. In addition to domestic demand, new shocks spurred external demand (for example, Russian demand for Belarusian exports began to grow due to increased growth in Russia amid more expensive oil).

Meanwhile, because of active administrative policy, the real wage growth since the 4th quarter of the last year was about

30 per cent. This giant increase gave rise to a wave of consumer optimism and demand but also produced a negative impact on price stability, the dynamics of the exchange rate, the fiscal balance, competitiveness, and profitability of Belarusian firms.

In the case that the authorities in the future will not abandon the artificial stimulus of wages, these negative effects will continue to grow, turning into a full-blown [threat to price and external stability of the Belarusian economy](#).

Regional development: Weak performance

Meanwhile, the steady decline of the district Belarusian population in general and its working-age part, in particular, reveals [crisis tendencies in the regional development](#). According to Belstat, the district's population of Belarus constantly decreases and in comparison with the beginning of the century its number shrank by almost a quarter (see Figure 1), contrary to the urban population of large cities that increased by approximately 9 per cent.

Moreover, the official statistics reveal even more negative trend for the district's working-age population. During last two decades, its number steadily declined by 1.4 per cent each year and in the last few years its reduction even amplified. All these mean that rural life loses its attractiveness to both adult and young Belarusians.



One of the key reasons stays the significant difference in wages between districts and large cities. The average salary in districts constitutes approximately 78 per cent of the average salary in major cities of Belarus.

The dynamics of entrepreneurial activity in the districts adds additional pain. In particular, over the past three years, the number of micro and small organizations has decreased by 5 per cent (Figure 2). At the same time, the additional development of small business in rural areas possesses potential sources for regional economic growth and, first of all, in agribusiness.



Additionally, Belarusian districts significantly lag behind in attracting foreign direct investment (FDI) that represent a major source of new technologies and create a potential for export diversification of regional goods. For example, during 2005-2015, districts on average attracted 4.6 times less FDI per capita than the major cities of Belarus.

IT sector: Building a new regulator

On 20 March 2018, Alexander Lukashenka has announced plans for the establishment of the Ministry of Digital Economy that will bring the entire domestic economy on the digital platform.

According to Alyaksandr Kurbatski, a member of the Council established for the development of the digital economy in Belarus, IT would penetrate into all sectors of the economy. Now virtually any sphere of human activity affects digitalization and this process really needs to be managed and coordinated somehow.

The creation of a new Ministry fully fits into the ambitious task of the authorities to turn Belarus into an IT-country, reorienting the Belarusian IT-sector to a product model. The government expects that this will significantly increase the value added and increase the level of technological equipment.

However, the long-run consequences of this project still stay unclear. The expectations of long-term positive effect ground on the fact that any progress in improving the level of technical equipment and the integration of Belarusian firms into the global chains will add additional benefits to the country.

On the other hand, additional benefits and preferences for the IT-companies may exceed effects obtained. Moreover, the focus on sectoral preferences may adversely affect the transparency and competitiveness of the business environment.

In the short term, the decree may have a beneficial effect, but only in the form of capital inflows to the country's IT sector.

Taking all together, the skyrocketing economic growth of the first two months of the year added optimism to the whole economy, however slow progress in the regional development cast doubt on its long-run sustainability.

Aleh Mazol, Belarusian Economic Research and Outreach Center (BEROC)

This article is a part of a joint project between Belarus Digest and Belarusian Economic Research and Outreach Center (BEROC)

Belarusian authorities confront YouTube vloggers

On 12 March 2018, the Pinsk court equated live streams on Facebook and YouTube to foreign media. The unprecedented court

decision marks the latest step in the Belarusian authorities' crackdown against popular YouTubers. Prior to this, Belarus's Investigative Committee pressured two well-known vloggers with criminal charges for insulting the president of Belarus.

The Belarusian authorities' nervous reaction to popular YouTubers demonstrates the ineffectiveness of the state's ideological efforts. The giant Belarusian state media machine has failed in both Minsk and the regions by promoting outdated propaganda narratives. Belarusians of all ages turn to the internet in search of objective information and discussion. Therefore, instead of instilling fear and intimidation, the persecution of Belarusian vloggers brings them additional clicks and subscriptions.

Minsk's YouTube celebrities

The recently pressured vloggers share an antipathy for the current authoritarian system in Belarus. Over the last two years, they have produced politically-charged content which captured the attention of millions of Belarusian viewers.

Sciapan Sviatlou, a 19-year old student from Minsk, recently became the biggest Belarusian star of YouTube. Sviatlou's YouTube channel, NEXTA, excels in producing original videos about Belarusian events. The channel features regular newscasts, entertainment videos, and music covers. "What news" – NEXTA's weekly news digest – focuses on Belarus's politics and social life. "What news" skilfully combines serious analysis with humorous commentary. Alexander Lukashenka remains the top target of the channel's sophisticated satire.

The NEXTA channel boasts staggering popularity in Belarus: each video receives on average between 200,000 and 400,000 views. In the two years since its registration on YouTube, NEXTA has outperformed Belarusian state television. In particular, NEXTA possesses more subscribers on YouTube

(130,078) than either the top Belarusian state television channel ONT TV (100,352) or the Polish-funded multimillion-euro television channel aimed at Belarus, Belsat TV (57,598).

Pavel Spiryn, a 33-year old lawyer from Minsk, uploaded his one-hour movie about Lukashenka in December 2017. Spiryn chose to name the movie “Step-father”, highlighting the contrast with Lukashenka’s official nickname “Batska” (“father” in Belarusian). According to Spiryn, Lukashenka acts as an evil “step-father” towards the Belarusian people and holds them hostages to his authoritarian rule. Spiryn harshly criticizes Lukashenka’s policies and slams incompetent Belarusian officials. So far, “Step-father” has received approximately 600,000 views on YouTube.

Powerful voices in the Belarusian regions

Several influential YouTubers have appeared in the Belarusian regions. In many ways, the scandalous [Presidential Decree No. 3 on “preventing social dependency”](#) (also known as the “social parasites” tax) triggered their media activities. The discriminatory character of the infamous Decree No. 3 rapidly [turned ordinary people into political activists.](#)

Maksim Philipovich, a 34-year old driver from Homiel, initially set up his YouTube channel “No Guarantees” to blog about online purchases from China. Yet, the vlogger got actively involved in protests against the social parasite tax. Philipovich filmed mass rallies across Belarusian cities and put the videos on his channel. “No Guarantees” subsequently featured numerous trials of political activists from the Homiel region. So far, the channel has accumulated more than 8 million views.

<https://www.youtube.com/watch?v=-zMqamEla7E>

Siarhei Piatrukhin, a 48-year old actor from Brest, earned his popularity by following the footsteps of Alexei Navalny. Piatrukhin's channel, "People's Reporter", features videos related to controversial issues affecting the Brest region. Notably, Piatrukhin publicly investigated corruption schemes used by Brest's top officials and filmed his personal experiences dealing with rude police officers. Moreover, he raised the alarm about the construction of a potentially dangerous accumulator plant near Brest. Dramatic content coupled with bold headlines have brought at least three million views for "People's Reporter".

The popularity of these regional vloggers largely stems from their focus on local issues. In fact, Piatrukhin and Philipovich act as investigative journalists. Unlike Belarusian state television, the vloggers honestly report about the problems of their regions.

Belarusian authorities initiate a crack-down

Philipovich was the first target of the Belarusian justice system. In July 2017, the Homiel court opened a criminal case against him on charges of "replacing the state media with his own video production." The prosecution maintained that Philipovich had to officially register his YouTube channel as foreign media. A team of human rights lawyers managed to prove the absurdity of charges against the vlogger, and the Homiel court eventually ruled that video hosting platforms did not count as foreign media in Belarus.

Nevertheless, on 13 March 2018, the Pinsk court fined Piatrukhin and his colleague Alexander Kabanau for live-streaming on Facebook and YouTube during their meeting with

the managers of the accumulator plant's managers. Hence the court in Pinsk de-facto recognized Facebook and YouTube as foreign media in Belarus.

Sviatlou has recently attracted the attention of Belarus's Investigative Committee. On 22 February, unknown representatives of the Investigative Committee confiscated a camera and notebook from Sviatlou's parents' flat. They cited as legal grounds for the confiscation a written complaint by an unknown citizen, which stated that one of Sviatlou's videos insulted the president (punishable under Article 368 of the Criminal Code).

On 5 March, Spiryn visited one of the police departments in Minsk to testify about the production of "Step-father". The officers conducted a phonoscope examination of Spiryn's voice. Spiryn does not exclude the opening of a criminal case against him on charges of insulting the president.

A threat to internet freedom in Belarus?

The Pinsk court's absurd decision presumes that each personal video uploaded by Belarusian citizens to social media platforms classifies as foreign media. Any Belarusian YouTuber could find themselves fined for "illegal media production and distribution." So far, the Pinsk court's decision has not sparked mass outrage among Belarusians. Hence its implications remain unknown: either the Belarusian justice system will neglect the premature decision of an overzealous judge, or it will use it as a precedent to fight politically-charged vloggers.

Nevertheless, the persecution of popular YouTubers has not benefited the Belarusian authorities thus far. On the contrary, Belarusian vloggers have received additional

popularity at home and abroad. Taking into account the fact that criminal proceedings against Sviatlou and Spiryn have not officially resumed, the Belarusian authorities still weigh up whether to persecute vloggers or to set them aside.

In conclusion, the Belarusian authorities still focus on the little things while ignoring serious issues. The true danger for Belarusian statehood lies in aggressive [messages undermining its sovereignty](#) by Russian media outlets. Instead of persecuting vloggers, the Belarusian authorities should limit [anti-Belarusian propaganda](#) conducted by Russian media.

The crisis of Belarusian youth sport: can we expect a new Domracheva?

At the Pyeongchang 2018 Winter Olympics, Belarus finished 15th in the medal table with two golds and one silver. The result represents a true sporting achievement for a country with a relatively small GDP. Yet, despite the triumphs of [Darya Domracheva](#) and Hanna Huskova, the Belarusian team failed to repeat its success at the 2014 games in Sochi when Belarus finished 8th in the medal standings. Belarusian youth sport faces several problems which reduce expectations of victories at Tokyo 2020 and Beijing 2022.

First, numerous sports clubs lack either private sponsorship or state support. Secondly, poor salaries reduce the motivation of talented youth coaches for career advancement. Finally, an abundance of entertainment, as well as the high

cost of sports equipment, prevents youngsters from attending sports schools. For these reasons, instead of investing in sports infrastructure, the Belarusian government needs to support youth coaches. An efficient approach towards youth sports will improve the results of Belarusian sports teams in future.

Belarus's sporting triumphs

As a part of the USSR, Belarus produced numerous sporting legends, including Olga Korbut, Vital Scherba, and Alexander Miadvedz. Belarusian sportsmen and women have traditionally demonstrated impressive achievements in fencing, gymnastics, rowing, track and field, skiing, and wrestling, if you will like to start making your way in to the skiing crowd, you might want to check out the [Altitude Sports](#) skiing gear collection at the link. The Soviet period left behind strong sports traditions and an excellent coaching system. However, the rapid breakdown of the Soviet economic system took its toll on the development of sport in independent Belarus.



Source: pyeongchang2018.com

Nevertheless, Belarus managed to preserve strong Soviet sports traditions in biathlon, freestyle skiing, rhythmic gymnastics, rowing, wrestling, and weightlifting. In Pyeongchang, Belarus – with a GDP per capita of just \$4,989.25 (2016 figure) – finished 15th among 92 competing nations.

In comparison, the GDP per capita of Norway, which topped the medals table, amounts to \$70,812 (2016); the GDP of 10-million-strong Sweden – \$51,559 (2016); and the GDP of Austria with 8.7 million people – \$44,176 (2016). Belarus, the poorest country among the top 15 medal winners, managed to do so well

despite its economic hardship. A stable medal flow leaves hope for future Belarusian sporting achievements. However, Belarusian sport faces a number of problems.

Belarusian sport vs. the market economy



Sources: World Bank (2016), pyeongchang2018.com

After the break of the Soviet Union, Belarusian sport had to adjust to a market economy. In order to attract serious sponsors, sports events required tens of thousands of spectators. However, despite cheap tickets, sports events have never managed to attract regular [crowds in Belarus](#). For instance, only 3,864 spectators supported the national football team in its European Championship qualifying match against Slovakia. The attendance at ice hockey matches has turned into a farce whereby students fill empty stands [in exchange for better grades](#) for years. So far, the national sport has failed to be considered first-rate entertainment among Belarusians.

Since Belarusian sport cannot provide for itself, the Belarusian government [obliged enterprises to finance sports teams](#) across the country. For instance, the Belarusian Potash Company “Belaruskali” sponsors the “Shakhtyor-Saligorsk” ice hockey club, while OJSC “Byelorussian Steel Works” sponsors another ice hockey club, “Metallurg-Zhlobin”. However, the level of financial support depends on the profitability of each particular enterprise and, in cases of bankruptcy or

financial crisis, teams must survive without support for months, if not years. Financial straits have put an end to several Belarusian sports teams, including male volleyball teams from Hrodna and Homiel.

Belarusian sport vs. the entertainment industry

Aside from financial challenges, Belarusian sport faces a decreasing talent pool. At present the [national sports industry](#) competes with numerous entertainment giants. Films, concerts, clubs, cafes, the internet and computer games simultaneously fight for young Belarusians' attention. While Soviet youngsters pursued sports activities due to the lack of entertainment, contemporary Belarusian teenagers possess plenty of it. Moreover, music idols such as Rihanna and Jay-Z score higher in teen popularity than the biggest national sports stars, including [Victoria Azarenka](#) and [Alexander Hleb](#). As a result, many potential sporting talents do not develop their potential.

Expensive sports equipment also deters talented children. Youth hockey equipment costs between \$600-800 (approximately one-and-a-half times the average Belarusian monthly salary); especially problematic for a growing teenager who requires new hockey equipment each year. While golfers will need a [golf launch monitor](#) to effectively practice at home.

A rhythmic gymnastics suit costs \$400 and lasts just half a year. A high quality tennis racquet costs about \$3,000 (or nearly eight times the average Belarusian salary). Belarusian parents therefore have to think twice before investing in their child's sports activities. In this way, the [proclaimed state support for national sport](#) looks rather hypocritical.

Belarusian sport vs. diminishing coaching talent

Belarusian youth coaches have outlined two major problems harming the development of Belarusian sport. The first problem [concerns poor salaries](#) for a highly challenging job of coaching children and teenagers. At present, Belarusian youth coaches receive between \$200-350 per month, even less than the official average salary of \$426. Consequently, the best specialists quickly move into better-paid roles coaching adults and prospective juniors.



Mikalai Lukashenka competes at Snow Sniper biathlon event. Source: belta.by

The second problem relates to a decline in the quality of coaching education. The lack of professional prestige deprives sports faculties of a competitive selection. As a result, education standards also drop, as does motivation of young specialists. Aside from this, Belarusian sports specialists rarely attend international conferences or apply creative teaching approaches. Therefore, a higher education diploma in physical education does not guarantee a professional coach.

To conclude, Belarusian youth sports undergoes a crisis, which has stemmed from its slow transition to a market economy. Youth sports schools suffer a shortage of talent, sports clubs lack sponsors, and spectators are not entertained. The primary task facing Belarusian sport remains to increase its target audience. As soon as national sports become important for Belarusians, they will attract sufficient financial flows. As for state support, the major investment should be redirected into supporting youth coaches instead of building

infrastructure.

Shrinking economic freedom and milk war with Russia – Belarusian economic digest

On 16 February 2018 Belstat, the official statistical body of Belarus, announced that GDP growth for the first month of the year had reached a new high, surpassing the previous month's record.

Meanwhile, the Heritage Foundation's statement on 5 February that the country's economic freedoms have declined dampened the mood in the business community.

Finally, on 1 March, President of Belarus Alexander Lukashenko acknowledged the existence of problematic issues related to the supply of Belarusian milk to the Russian market.

Economic growth: Optimism after January figures

According to Belstat, in January 2018 GDP growth reached 4.6 per cent year-on-year (see Figure 1). Export, investment in fixed capital and industrial production provide the foundation of this positive economic tendency.



In January 2018, the growth of import of goods slowed down in

sharp contrast with the strengthening growth of the export of goods. This pattern of imports mostly resulted from decreasing consumer demand which, for instance, led to declining food imports.

Industrial production recovers gradually, growing by 9.7 per cent in the first month. The effect of “delayed” external demand plays a crucial role here, while the associated growth in imports of intermediate goods largely bypasses the role of domestic demand.

During the preceding four years, depressed investment in the Belarusian economy showed itself most drastically in respect of fixed capital. As a result, the share of investments in GDP has fallen from its peak of about 40 per cent in 2010 to about 25 per cent today.

Meanwhile, according to data announced by Belstat on 26 February, fixed investments have increased by 26 per cent year-on-year (see Figure 1).

The lower level of investments in previous years has raised their quality because economic entities reject less effective projects. The growing return on capital for new investment projects in Belarus therefore [probably indicates that the period of depressed investment has ended.](#)

Trade: Milk tensions on the eastern border

Belarus currently supplies milk to 45 countries, but Russia remains its main market. However, on 9 February Rosselkhozadzor (the Russian State Service for Veterinary and Phytosanitary Supervision) imposed restrictions on the import of Belarusian dairy products, strengthened laboratory controls and suspended the certification of products from a number of

Belarusian plants due to violations of Eurasian Economic Union norms.

In 2017 Rosselkhoz nadzor repeatedly limited the supply of agricultural products from Belarusian enterprises to the Russian market. For example, according to the Ministry of Agriculture and Food of Belarus, in December last year 54 Belarusian companies fell under Rosselkhoz nadzor's sanctions.

The Belarusian authorities blame the Russian side for unfair claims. According to official estimates, in 2017 Belarus lost hundreds of millions of dollars in the Russian food market due to sanctions imposed by Rosselkhoz nadzor.

Last year the enterprises of the Ministry of Agriculture of Belarus increased exports of products by 3.9 per cent, yet the share of exports to Russia decreased. According to Belstat, in 2017 Belarus delivered to Russia condensed and dried milk and cream for \$371.4m – 12.8 per cent less than in 2016.

According to experts, Russia constantly finds “harmful and dangerous substances” in Belarusian milk not because of its low quality, but due to increased production of dairy products by Russia's own producers.

The Director of the Centre for the Study of the Dairy Market of Russia, Mikhail Mishchenko, admits the lower price of Belarusian products compared to Russian. However, Russia also blames Belarus for significant volumes of re-export that pass through the country and form a significant surplus of dairy products on the Russian market.

All this leads to lower prices in the consumer market of Russia, decreasing revenues of its domestic producers and results in increasing trade tensions between the economic allies.

Entrepreneurship: Losing economic freedom

According to the latest data from the Heritage Foundation, Belarus position in the Index of Economic Freedom worsened (see Figure 2).



Belarus moved from 104th to 108th place in the ranking prepared by the American research organization. The authors of the study note that, due to the stagnating economy, [liberal approaches lost priority in the economic policy of the Belarusian authorities.](#)

Moreover, according to the authors of the study, the violation of private owners' rights continues (for example, through expropriation of private property through de-privatization), as does the spread of state participation and control of the economy. The state share reaches approximately 70 per cent.

These factors seriously impede economic growth, social development and lead to widespread corruption in the country. According to official statistics, the number of corruption crimes in Belarus has grown – 1,922 cases of bribery in 2017; almost twice as high as in 2016.

According to the survey conducted by the IPM Research Centre in 2017, a third of respondents (representatives of small and medium-sized enterprises) admit that corruption remains a widespread phenomenon in Belarus. The Chairman of the supervisory board of the IPM Research Centre, Igor Pelipas, explains that corruption increases business costs and this, as a rule, leads to an increase in the cost of products sold and services rendered.

Taken altogether, the revival of exports and end of the

investment depression have given a positive impetus to the entire economy. However, Belarus still substantially lacks economic freedoms and export disagreements with Russia over food products remain unresolved.

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This article is a part of a joint project between Belarus Digest and the Belarusian Economic Research and Outreach Center (BEROC)

Tanks and Tetris: the patterns of Belarusian gaming addiction

In January 2018, the World Health Organisation (WHO) announced that gaming disorder would for the first time appear as a dangerous mental health condition in the 11th International Classification of Diseases.

Many countries, including China, Japan, and the United Kingdom have already implemented restrictive measures to combat a growing gaming addiction.

Belarus, on the other hand, still experiences euphoria from the global success of [World of Tanks](#), a multiplayer online game created by Belarusian developers. While researchers maintain that gaming addiction rapidly spreads among young Belarusians, no restrictive measures have appeared so far. The cult of the national IT industry, as well as a powerful gaming lobby, prevent a national debate on the alarming health issue.

Belarusians' gaming preferences

In January 2014, the Institute of Sociology of the National Academy of Sciences of Belarus conducted a survey about the gaming age and preferences of Belarusians. According to the survey, 15.6% of adult Belarusians play offline computer games, 15.4% choose online computer games, and 1.4% prefer PlayStation. Hence, each third adult Belarusian uses products of the gaming industry. 10.4% of those surveyed acknowledged that their children also played computer games. This indicates even higher national engagement in the gaming industry, and that it will further grow with the next generation.

At present, young and middle-aged Belarusians constitute the most active group of gamers. However, as respondents' age increases, their engagement with online computer games decreases. Family life and work commitments leave less time for gaming activities. Moreover, gamers aged 50 or above tend to favour offline computer games. This can be partly explained by income differences. Older Belarusians, including pensioners, generally have lower incomes and cannot afford to pay for mobile internet connection.

Why Belarusian ladies choose Sims over World of Tanks

In ratings of Belarusians' favourite computer games, easy mini-games such as Angry Birds and Tetris take the lead. World of Tanks holds second position, revealing some patriotism, while two shooter games, Counter-Strike and Dota 2, occupy third place. Apart from these, Belarusian respondents actively play the war strategy game Warcraft, lifestyle simulation Sims, action-adventure GTA, and the

racing game Need for Speed.



Source: modthesims.info

The survey uncovered a remarkable gender-based segmentation of Belarusian gaming preferences. While men prefer games involving war activities, women tend to favour mini-games and simulations. Mini-games do not require strong engagement and provide female gamers with a sense of gratitude over small results.

Simulation games compensate women for the lack of fashion items, proper living conditions, and social fulfillment. According to a number of social surveys, more than 50% of Belarusian females lack the finance to expand their wardrobes, and fewer than 20% enjoy their living conditions. Simulation games such as Sims allow women to change accessories, clothes, hairstyles, gadgets, and furniture as much as they like. The gaming industry perfectly exploits the unfulfilled demands of female audiences by creating a separate fairy-tale reality.

Time to raise the alert?

Several Belarusian researchers have investigated students and their gaming activities. In 2013 a survey of Brest State University students discovered that 72% of male students and 33% of female students suffered from gaming addiction, If you consider you need some help beating this or another addiction, [these guys](#) can help. Another survey of students of the Belarusian State University of Informatics and Radioelectronics indicated that each third student experienced some form of gaming addiction, and each seventh student required therapy. The researchers warn that gaming addiction progresses quite quickly as new generations acquire easier access to gadgets.



Source: zviazda.by

At present, Belarusian medics do not possess a proper methodology of gaming addiction treatment. Despite the growth of gaming addiction among Belarusians, neither medical communities nor government officials have called for additional research or restrictive legislative measures. Yet researchers include aggressive marketing among the major reasons of the growing gaming addiction in Belarus. Another problem is parental ignorance. Some parents facilitate gaming activities from fears of the bad influence of the street, others view gaming as an easy way of preoccupying a naughty child.

Consequently, Belarusian legislators and medical communities have to work in two directions: to prohibit the aggressive marketing of computer games and to raise awareness among parents. Obviously, banning gaming adverts might cause resistance from the powerful Belarusian gaming industry, hence medics have to become the decisive voice in a prospective national debate.

Is it right to play for the Nazis in a battle of tanks?

Apart from health concerns, gaming addiction also raises ethical questions. First, children and teenagers get exposed to a large portion of violence, which inevitably harms their fragile psyche. Second, a range of computer games depicts historic events in a contradictory manner. Thus, Russia has recently banned the distribution of computer games that present Soviet soldiers in a bad light.

As for World of Tanks, gamers possess an option to play for Nazi Germany. While the majority of gamers drive Panzers and

Tigers without any prejudices, certain voices have already questioned the moral standards of those Belarusian gamers choosing to be a part of the virtual Wehrmacht. At the same time, Wargaming – the developer of World of Tanks – hardly counts as the only company in the global gaming industry to exploit history. A sense of personal affiliation to particular historical events brings additional excitement and urges gamers to invest more efforts and finance.

Although gaming addiction has spread quickly among young Belarusians, counter-measures to combat the problem will not appear in the near future. To put it bluntly, the Belarusian government benefits very much from a powerful gaming industry. Though Wargaming pays its corporate taxes in Nicosia instead of Minsk, tank battles distract a large portion of Belarusian society from active changes in real life and absorb social tensions. While men fulfil their warrior instinct by planning virtual military campaigns, women cure their social frustration by changing wardrobes and furniture in a simulation.

Meanwhile, a range of countries has taken a different approach towards the growing gaming industry. In China, internet giant Tencent has limited the playing hours for the most popular online games. South Korea has legally banned access for children under 16 from online games between midnight and 6am (the so-called “shutdown law”). In the UK and the European Union, special regulatory bodies strictly classify video games according to the level of violence. Hence, the global trend of limiting gaming activity contradicts Belarus’s more ignorant approach.

The average Belarusian: who is he? Actually, it's she

On 25th January 2018, top Belarusian media outlet TUT.BY compiled a portrait of the average Belarusian citizen. The media outlet used a combination of recent data from the National Statistical Committee of Belarus, the World Health Organization, and the United Nations. Apparently, the average Belarusian citizen is a 42-and-a-half-year old woman with higher education. She speaks Russian, votes for Lukashenka, and consumes 64 kg of potatoes per year.

At the same time, the recent statistical data on the Belarusian population raises a number of concerns. Belarus comprises an ageing nation with astonishing gender imbalances. While Belarusian women face difficulties in finding a marriage partner, Belarusian men fervently consume alcohol. The diet of Belarusian citizens still lacks fruit and vegetables, and their salary ranks among the least competitive in the region. Permanent stress eventually take its toll in the form of heart disease.

Who is the average Belarusian woman?

She is 42-and-a-half years old, and her name is most probably Alena, Maryna, Natallia, Sviatlana, or Tatsiana. She lives in Minsk and possesses higher education. She works in services, education, or healthcare. By October 2017, the average Belarusian woman earned \$426. This represents the second lowest salary in the region; only Ukrainians earned less – \$274.

The average Belarusian woman speaks Russian on a daily basis.

She formally belongs to the [Russian Orthodox](#) Church and in the last Belarusian presidential elections, she voted for Alexander Lukashenka.

Her family life starts at 26, and her first child appears at roughly the same age. Her family budget is quite tight though – the largest share of it (39%) goes on food expenses. The National Statistical Committee of Belarus proudly confirmed that the average Belarusian citizen consumed 64 kg of potatoes, 65 kg of fruit, 88 kg of vegetables, 76 kg of meat, and 274 kg of dairy products in 2017.

Yet the consumption of fruit, vegetables and dairy products still fails to meet the WHO recommendations. In many ways, small salaries force Belarusian families to forsake more expensive imported fruit and vegetables. This appears particularly disturbing in the wake of health consequences of the [Chernobyl disaster](#).

Who is the average Belarusian man?

An average Belarusian man is 37 years old. His name is most probably Alexander, Andrey, Siarhei, Uladzimir, or Viktor. He also lives in Minsk and predominantly works in agriculture, construction, industry, or transport. Unlike his female colleagues, he does not necessarily possess a higher education diploma. As for his salary, the National Statistical Committee of Belarus has not recorded a pay gap between men and women. Hence an average Belarusian man receives the same \$426 per month – an insufficient amount to support a family.



Photo: BELTA

He also speaks Russian and formally belongs to the Russian Orthodox church. Together with his female colleagues, he voted for Alexander Lukashenka in the last presidential elections. As regards the family budget, he might save a few Belarusian rubles by buying the cheapest petrol in Europe, but his daily bills will most probably include alcohol.

According to the WHO (2017), the average Belarusian man consumes 16.4 litres of alcohol per year. This represents [the second highest alcohol consumption](#) in the world: only Lithuanians drink slightly more. Belarusian psychiatrists cite hidden aggression and permanent depression as the root causes for such tremendous alcoholic addiction among men. The economic instability in Belarus has a lot to do with it as well.

At the same time, excessive alcohol consumption represents a common trend among the European part of the former Soviet Union. Moldova, Russia, and Ukraine also topped the latest chart of alcohol consumption per capita. Hence, this data clearly reflects a decrease in regional economic prosperity.

The land of strong and lonely women

Ladies dominate the gender ratio with 53 % of Belarusians being women and 47 % men. The gender discrepancy between men and women reflects a common demographic trend among Belarus's neighbours; Latvia, Lithuania, Poland, Russia, and Ukraine. Much of the gender imbalance stems from tragic historical circumstances. The Russian Revolution, the "Great Terror" of the 1930s, and World War II had a devastating effect on the male population of the Soviet Union.



Source: BBC

The gap in life expectancy between men and women represents another remarkable demographic trend. Belarusian women have a life expectancy at birth of 79 years, while Belarusian men can expect just 69 years. This can be partly attributed to the increase in early mortality among men after the dissolution of the Soviet Union. A sharp decline in financial prospects led to numerous psychological traumas, which prompted excessive alcohol and drug abuse.

A similar demographic trend prevails in the European part of the former Soviet Union. According to the WHO (2015), Belarus, along with Latvia, Lithuania, Estonia, Russia, and Ukraine, dominate the list of 10 countries with the largest life expectancy gap between men and women. War-torn Syria, post-genocide Rwanda, and post-war Vietnam also make the list. At the same time, both Belarusian men and women most frequently die from heart diseases. Economic instability and urban life, it would seem, take their toll on Belarusians of both genders.

To conclude, Belarusians represent an ageing yet educated nation with a range of demographic and health issues. The poor economic situation negatively affects the Belarusian diet and provokes depression and stress. This leads to excessive alcohol consumption and early mortality among men. Belarusian women face difficulties finding marriage partners and many die from heart diseases. These demographic trends largely prevail in the European part of the former Soviet Union, which endured a series of tragic historical circumstances in the 20th century.

State-owned enterprises threaten economic prospects – digest of the Belarusian economy

On 24 January 2018, government officials announced new plans for support to Belarusian entrepreneurs in the current year. Meanwhile, according to Belstat, the state industrial sector remains the main driver of economic growth accompanied by a strong recovery of exports. However, the absence of an acceptable strategy for solving state-owned enterprises' debt problems continues to threaten financial stability and long-term economic growth.

Entrepreneurship: several steps forward

In the second half of 2017, [the authorities adopted a package of documents aimed at facilitating private business development.](#) Legislative innovations greatly simplified the conduct of business, while radically reducing regulatory and administrative barriers. In addition, the government introduced additional tax and regulatory liberalisation for certain entrepreneurial activities; primarily small companies and individual entrepreneurs. Finally, the authorities expanded the possibilities for self-employed individuals (without registration of small businesses), for example, in the fields of craft activities and agritourism.

Next, on 24 January 2018, government officials announced plans to support entrepreneurship in the current year, including increased lending, lowered loan rates and several changes to

taxation. In particular, the head of the National Bank of Belarus's department for monetary policy and economic analysis, Dmitry Murin, says that lending will grow by 9-12 per cent, which supposedly will not harm macroeconomic stability.

Moreover, the National Bank expects a small drop in lending rates by approximately 1 percentage point. According to Murin, inflation expectations deter a more radical decrease in rates. Namely, the results of the analytical survey of individuals show that they subjectively feel inflation at 13 per cent, while prices in 2017 increased by two times less.

Finally, according to the deputy minister for taxes and duties, Ella Selitsky, the government will prepare proposals for comprehensive reforms of tax legislation throughout the year. It is likely that the fiscal system will undergo significant changes in 2019, with stabilising tax legislation the main goal for the next three years.

These measures will support private sector development. However, the key barrier to entrepreneurship remains unequal conditions for economic activity in comparison with state-owned enterprises (SOEs) rather than the regulatory environment.

In this respect, the artificial "bias" in allocating resources in favour of the state sector remains especially important. Without its elimination, the private sector will be stuck in the doldrums and unable to fully realize its potential.

Real sector: rising debts

While measures to develop the private sector have only limited effects, the state industrial sector remains the main driver of economic growth. In 2017, it showed growth of 6.1 per cent year-on-year.

According to honorary chairman of the board of the Business Union of Entrepreneurs and Employers, Georgiy Badey, this growth mostly occurred due to the favourable macroeconomic environment in key trade markets. However, the real sector lacks new drivers of growth and encouraging changes in economic policy.

In particular, financial instability associated with low quality SOE debts remains a serious threat to the economy. Moreover, Belarusian SOE debts continue to rise. For the first nine months of the previous year, the payments on loans and borrowings exceeded the volume of gross value added in the industrial sector as a whole. Therefore, in the past year, they not only failed to cover their old debts but became further indebted. As a result, the total national debt currently hovers in the range of 45-50% of GDP.

Measures recommended by the IMF to kickstart the process of resolving debt problems include strengthening creditors' rights, permitting bankruptcy procedures for large debtors, and the sale of SOE debts at a fair market value (compared to their nominal value).

At the same time, this tough solution may seriously disturb the real sector (**the sector of the economy that actually produces goods and services**) and has both social and political implications. The "soft" alternative [assumes new subsidies from the state.](#)

However, such an "easy" solution only freezes the problem and limits its negative impact on the current macro dynamics. In the future, the debt problem may reveal itself at any moment and cause a new wave of economic recession.

Foreign trade: imbalances grow

Stable global growth contributes to revived demand for Belarusian commodities and industrial goods exports to Russia. This recovery in exports gave a positive impulse to the Belarusian economy, although growth remains fragile. For example, in the second half of 2017, the physical volume of shipments of “growth leaders” in the first half of the year (oil products, potash fertilizers, tractors and trucks) dropped. In contrast, the delivery of goods that previously lagged behind (food products, tires, refrigerators and shoes) increased.

Instability in export growth therefore remains a challenge for the whole economy, since the prospects for output growth highly depend on export performance.

Overall, foreign trade turnover of goods during the eleven months of the previous year reached \$54.1bn and increased by 23.5 per cent year-on-year (see graph below). In November, imports of goods exceeded exports by \$600m increasing the negative balance in merchandise trade to \$4bn year-on-year, which surpassed 2016 figures by more than \$800m.



As a result, the traditional imbalances in the Belarusian economy return: the growth of export goods invariably leads to the import growth and a deterioration in the balance of payments. Thus, while the results of measures for the development of the private sector remain invisible, positive dynamics of the economy will sustain only in case of a new round of export growth. Furthermore, the absence of an adequate strategy for solving the debt problem of SOEs continues to threaten financial stability.

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This article is part of a joint project between Belarus Digest and Belarusian Economic Research and Outreach Center (BEROC)

Blazing the cryptoliberalisation trail – digest of the Belarusian economy

On 22 December 2017, the President of Belarus Alexander Lukashenka signed a presidential decree that identified Belarus as the first country in the world to legalise the blockchain—a digital ledger in which transactions made in [online trading](#) can be chronologically recorded, people have complete freedom [when trading Forex](#) in this country.

In the meantime, improved oil prices have helped the government outpace their economic growth plans for 2017. This has led to forecasts for 2018 to be even more ambitious.

On 18 December, government officials defined plans for wage growth in the coming year. In contrast to economic growth, the new 2018 wage growth target is below the presidential target set at the beginning of 2017.

The IT-sector: A haven for cryptocurrencies

On 22 December 2017, Alexander Lukashenka signed [the presidential decree On the development of the digital economy](#), which is intended to make Belarus a regional IT leader.

President Lukashenka believes the decree will help Belarus become a centre for attracting computing talent, successful companies and international corporations working in the most advanced technological areas, such as artificial intelligence, big data, and blockchain technology.

The decree extends a special legal regime for companies based at the Belarus Hi-Tech Park (HTP) until 1 January 2049. It also expands the list of business activities to include new industries, such as neural networks, unmanned vehicles, biotechnologies, and more.

Most notably, the decree permits the HTP's residents to conduct transactions with electronic money without limitations and companies no longer need the permission of the National Bank of Belarus to open accounts in foreign banks and other financial organizations and to perform financial operations.

Third, the decree legalizes electronic money in Belarus. The HTP's residents have a right to engage in mining and to conduct the cryptocurrency exchange and use services like [hodl stock price: coinbase custody trust company llc](#).

Finally, individuals also have the right to own and to exchange cryptocurrency for foreign currency and Belarusian rubles, to carry out mining. Income from these operations is free from tax declaration for physical persons and is excluded from taxation until 1 January 2023, since there are different markets for cryptocurrency, with Solana being one of them, and the

[solana hype](#) is just starting for those interested in crypto.

Almost all of the decree's provisions will enter into force three months after its official publication. Its developers predict that by 2030 annual export revenues for Belarus's IT sector will increase from the current \$1bn to \$4.7bn and the number of people employed will grow from the current 30 thousand up to 100 thousand people.

Economic development: results, prospects, and risks

On 5 December, Belarusian Prime Minister Andrei Kobyakov announced that GDP growth will reach 2 per cent for 2017 and inflation will not exceed 7 per cent. This is more ambitious than the 2017 forecast, which assumed 1.7 per cent GDP growth with an inflation rate lower than 9 per cent.

Several factors caused the current rebound of the Belarusian economy as per the experts in [money knowledge](#). They include improved external market conditions for trade, strengthened economic growth in Russia, and increased prices for commodities. These changes stimulated the growth of Belarusian exports and supported business activity in the country.

Furthermore, according to official forecasts from the Belarusian Council of Ministers, GDP in 2018 will rise by 3.5 per cent and goods and services exports by 5.7 per cent. The National Bank of Belarus also projects that inflation will stay at 6 per cent or below, and the money supply will not grow above 12 per cent.

However, certain experts disagree with the Council's optimistic outlook. In particular, the World Bank forecasts GDP growth at 2.1 per cent and the IMF predicts only a 0.7 per cent growth to GDP. Common among the two organisations'

reasoning include a worsening external economic environment and the absence of structural changes within the Belarusian economy.

Indeed, it is unlikely prices of imported energy resources grow as much as in 2017. This will lead to lower benefits from commodity exports. Furthermore, the oil subsidy from Russia (a discount on purchased oil) that added substantially to GDP growth in previous years will continue to be reduced.

According to World Bank experts, in past years the Russian oil subsidy account for as much as 15 per cent of Belarusian GDP. A sharp drop in oil prices reduced the size of these benefits. In 2016, the oil subsidy accounted only for about 4.6 per cent, or approximately three times lower than in previous years.

In 2018, Belarus must repay about \$3.7bn in external debts generated mostly by [inefficient state-owned enterprises](#). Taking into account the absence of serious plans for structural reforms, these liabilities will need additional external financing and greater budget coverage.

As a result, according to the Minister of Finance Vladimir Amarin, the government plans to borrow approximately \$1.2bn in 2018, increasing further the risks for financial stability and the burden on the budget.

Wages: Looking forward



On 18 December, Labor and Social Protection Minister Irina Kostevich announced official predictions for wage growth in Belarus. According to Ministry estimates, average monthly wages will reach up to BYR941 in 2018 or approximately \$466. Wage growth will ultimately depend on the situation of

economic development in the country.

However, in April of this year, President Lukashenka said that a salary equal to BYR1000 a month remains the minimum government target. Currently, the average Belarusian earns approximately 98 per cent less than average Chinese, and more than two times less than the average Lithuanian or Pole (see the Average wages figure below).

Nevertheless, even if wages grow to predetermined levels in the coming months, true earnings will remain low. First, the threshold level of BYR1000 excludes taxes. Second, wages in the regions will be substantially minor in comparison with Minsk (the average salary in Minsk is higher by approximately 55 per cent).

Altogether, officials understand the unstable foundations of Belarus's current macroeconomic drivers, but still, they prefer to ignore the problems of an unreformed economy and continue to dream about potential cryptocurrency benefits.

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Ineffective state-owned enterprises, improved

business climate – digest of the Belarusian economy

On 17 November 2017, the official statistical body of Belarus, Belstat, announced that GDP growth for ten months of the year has reached a new high outscoring the previous month's record.

However, state-owned enterprises are still unable to significantly improve their cost-effectiveness, which delivers additional pain to their creditors threatening the banking stability of Belarus. For great business banking options and guidance visit www.wecu.com/business-banking/.

In the meantime, on 23 November 2017, the Belarusian President Alexander Lukashenka has signed a presidential decree aimed at improving Belarus's business climate.

Economic growth: withholding the handicap

According to Belstat, from January–November 2017, GDP growth continued and reached 2 per cent year on year (see Figure 1). The main contributor to economic growth remains to be exports supported by increased demand within Belarus's traditional external markets.



In particular, foreign counterparts (for example, China) display a belated interest in certain Belarusian goods, mainly potash fertilisers, as well as a range of capital goods exported to Russia. As a result, the figures of the first nine months of the year indicate that export of goods has increased by 20 per cent.

Correspondingly, industrial production is steadily recovering. The effect of “belated” external demand plays a crucial role here. Domestic demand, on the other hand, is mostly negated by the associated growth of imports for intermediate goods.

Additionally, Belarusian families are gradually restoring their consumption levels comparable to the “rich” years of the 2000s. This happened mainly because households started to believe that recession in the economy has ended, which subsequently will lead to growth in their real incomes.

However, the reverse side of increased consumption means the growth consumer goods imports. For many households, the normalization of consumption also means more imported goods in their consumer basket.

Finally, another major component of GDP—capital investments—has also grown. After a downturn in the first half of the year, capital investments have gained in size and number. In October, they grew by 2 per cent year on year.

State sector: stressing the economy

[The state-owned enterprise sector remains the key challenge for Belarus’s economy.](#) In 2015–2016, devaluations of the national currency and government financial rehabilitation efforts combined to reduce costs for Belarusian firms. In addition, low domestic demand for imports (in comparison to the past two years) gave some “fresh air” to improve export competitiveness.

However, without permanent state support, a large number of the state-owned enterprises (SOEs) would be unable to sustain operations or generate profits. State directed redistribution of resources limits capabilities for the development of

efficient firms and the economy in general.

For example, Jaroslav Romanchuk, Executive Director for Strategy, an analytics centre, notes that 60 per cent of agricultural enterprises and a quarter of industrial enterprises remain unprofitable and are unable to survive without state support. Moreover, Romanchuk says that half of all construction organizations work at a loss.

These inefficiencies compound the increasing inability of state-owned enterprises to repay their debts. This results in budget coverage of their obligations and investments in fixed capital (see Figure 2). Since 2015, Belarusian enterprises have demonstrated a steady decline in the acquisition bank loans with a corresponding build up of overdue debts, which consequently threatens the financial stability of the entire banking system.



The trends described above—a fall in issued loans, and rises in overdue loans and consolidated state budget funds—happened, first of all, due to the high cost of capital for SOEs during the past two years of economic recession. Second, the inefficiency of investment modernization programs from previous years failed to deliver substantial profits.

Doing business: high taxes limit cost-effectiveness

On 23 November 2017, President Lukashenka signed the presidential decree “On Enterprise Development.” The decree contains a package of government-drafted ordinances aimed at improving Belarus’s business climate.

In a major change, the decree introduces a notification system for businesses engaging in activities such as, among others,

consumer and tourism services, trade, food services, passenger transportation, and the production of building materials.

This means that a business may merely notify local authorities of its plans to start engaging in such activities, which requires the filling out of electronic form, and then it can begin operations the following day. Additionally, the decree shortens the list of mandatory operational requirements for businesses, removing many sanitary, environmental, and other regulations that have manifested into business-stifling red tape.

The result is that Belarus currently ranks 38th in the World Bank's Ease of Doing Business 2018—a drop of only one position in comparison with the previous year. World Bank experts have noted the downgrade occurred due to a drop in the tempo of legislative reforms intended to improve [conditions for entrepreneurship in the country](#).

Additionally, World Bank expert and co-author of a study into the Belarusian economy Valentina Saltane argues the second factor that limits the attractiveness of doing business in Belarus, in particular, is the high tax burden for businesses. According to Saltane, Belarus ranks 96th in the world in terms of taxation weight (the first place being the least burdensome).

The overall rate of taxes and duties in relation to an organisation's profit in Belarus is 52.9 per cent. For example, in Europe and Central Asia this figure hovers around 33.1 per cent. In high-income OECD countries, the ratio reaches 40.1 per cent. Therefore, Saltane concludes that Belarus should do more in order to reduce the tax burden.

Meanwhile, in 2016 President Lukashenka set a strategic goal for the government to reduce all types of production and sales costs by a quarter. The aim was to improve the competitiveness of the national economy. However, without reduction of the tax

burden on business, this goal still seems unachievable.

Thus, in November Belarus's economy has continued the growth of recent months. The rise in exports and industrial production are delivering positive economic prospects for the year. However, problems with the business climate and the cost-effectiveness of SOEs threaten the stability of the banking system and the sustainability of economic growth in the coming years.

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Economy recovers, but remains structurally vulnerable – digest of the Belarusian economy

During a trip to Minsk on 5 October 2017, Venezuelan President Nicolas Maduro showed strong optimism on economic teamwork with Belarus, but forgot to mention the buildup of outstanding debts.

On 25 October, the National Bank of Belarus gave its overview of the current macroeconomic situation, citing the positive influence of monetary policy.

However, a day later on 26 October, experts from the Eurasian

Development Bank were hesitant to confirm good long-term prospects for the Belarusian economy.

Trade policy: diversifying from Venezuela

President Maduro arrived in Belarus on 5 October as part of an official visit. The negotiations with Belarusian President Alexander Lukashenka were concerned mostly with trade and economic cooperation.

In 2016, trade turnover between Belarus and Venezuela equalled only \$2m, which is a 92.6 per cent decrease in comparison with 2015 (see Figure 1 below). From January–July 2017, trade turnover reached \$5.4m and mostly comprised exports of Belarusian potash fertilizers.



The economic crisis in Venezuela and a sharp decrease in world oil prices are the main reasons for the decline of Belarusian trade with Venezuela, which currently uses its foreign exchange reserves only for the purchase of food, medicines and other socially important goods.

According to Belarusian Scientific and Industrial Association Deputy Chairman Georgy Grits, Venezuela is approaching a default. He bases his view on an appraisal of studies into the country's default risk made by world rating agencies.

Therefore, the main problem for Belarus coincides not with further development of trade with this former high-income country, but with Venezuelan debts accumulated for already shipped goods in previous years.

The total debt has reached approximately \$500m. For example, Venezuelan debts to MTZ (Minsk Tractor Works), a Belarusian

producer of tractors, have reached \$50m, debts to MAZ (Minsk Automobile Plant), a truck manufacturer, are at \$170m, and debts to various Belarusian construction companies amount to \$108m.

However, on 8 October, Belarusian Deputy Prime Minister Vladimir Semashka expressed the optimistic view that further cooperation with Venezuela is feasible. He noted that Belarus plans to help increase the production of oil in Venezuela by more than three times. Current production levels sit at less than one million tonnes per year.

Economic growth: the regulator staying firm

On 25 October, the National Bank of Belarus announced the consolidation of positive changes in the economy and monetary sphere during the first nine months of this year.

Specifically, the monetary authorities have admitted that economic growth has started to recover jointly with slowing inflation. Moreover, decreasing interest rates and a continuing process of de-dollarization are the results of a unified macroeconomic policy.

Correspondingly, declining borrowing costs have led to the recovery of business activity and to increased demand for loans by commercial companies, which further strengthen Belarus's banking system. The regulator also drew attention to the significant growth of foreign exchange reserves (see Figure 2 below) caused by the sale of foreign currency by Belarusian citizens.



Moreover, the Chairman of the Board of the National Bank, Pavel Kallaur, has admitted that within two or three years

there exists a real possibility to boost foreign reserves up to \$10b. At present, Belarus currently is about \$3b shy of this mark.

In particular, accumulating net sales of foreign currency by Belarusian citizens, who exchange it to purchase goods and services, and growing exports (for example, from January–August exports increased by 21 percent) may contribute to the achievement of the \$10b goal.

However, along with opportunities, risks also arise. The first risk coincides with trade policies that are heavily concentrated and [focused on Russia](#). The plunge in foreign currency earnings from 2015–2016 showed what can happen to the economy when Russia's market falters.

Secondly, the increase in demand for imports of consumer goods may apply pressure on foreign reserves, which in turn may lead to an increase in demand for foreign currency from importers.

Finally, the dynamics of foreign reserves depend not only on foreign exchange earnings, but also on debt expenses. Foreign reserves have increased in 2017, because Belarus both undertook external borrowings and refinanced old debts with Russia. Therefore, the resolution of debts—old and new—will directly affect the volume of reserves.

Monetary policy: hidden threats

However, on 26 October, experts at the Eurasian Development Bank warned that despite the significant improvement of Belarus's macroeconomic situation, the rapid easing of monetary policy (through the decrease of interest rates) carry serious risks for the acceleration of inflation, which may occur in early 2018.

Structural problems, including excessive employment in state enterprises and the propping-up of inefficient enterprises, limits the potential for monetary policy to stabilize inflation and further to solve [the issue of repaying of foreign debts](#).

Overall, the current positive macroeconomic situation cannot last long. Each production cycle does not bring substantial profits for the majority of Belarusian enterprises. Indeed, in many cases the cycles generate losses. The more they produce, the more they get bogged down in losses, which in turn leads to the growth of foreign debts.

An expert from [BIPART \(the Belarusian Institute for Public Administration Reform and Transformation\)](#), Vladimir Kovalkin, compares the general situation in the Belarusian economy to “walking on very thin ice that might crack at any moment and fall in.” In Particular, the Belarusian budget possesses insufficient funds to pay both foreign debts and the interest building upon them.

As a result, according to experts, any problem or any differences in foreign economic relations may first prevent the refinancing of foreign debts from previous years, and then eventually lead to a default.

In sum, while the Belarusian economy gradually recovers, it still suffers from long-standing structural problems. Failure to resolve these problems may not only reduce economic growth, but also lay the groundwork for a new type of crisis for Belarus—a debt crisis.

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