The autumn of liberalisation – digest of the Belarusian economy

On 26 September 2017, Belarusian officials declared plans for the liberalisation of the economy by developing a new decree on freeing up Belarusian entrepreneurship.

Moreover, on 28 September, the First Deputy Prime Minister of Belarus Vasily Matyushevsky announced the government’s intentions to encourage further growth of the IT-sector.

The latest statistical figures on the development of the Belarusian economy, though optimistic, are still far from promising.

Economic growth: searching for optimism

According to the latest data from Belstat, a government agency for official statistics, the Belarusian economy is slowly starting to recover. In the first eight months of the year, growth of industrial production equaled 6.1 per cent, GDP grew by 1 per cent and the volume of foreign trade rose by more than 20 per cent (see Figure 1).
However, a deeper analysis of the figures reveals that officials’ increased optimism rests on shaky ground. First, trade turnover in 2016 dropped by 12.4 per cent, while a year earlier it declined twice as much.

Second, the rise in global commodity prices mostly explains current achievements. For example, compared to last year the price for the Belarusian refinery products rose by 63 per cent, and ferrous metals by more than a third. Overall, export prices increased by 20 per cent, while the physical volume of export supplies improved only by 3.1 per cent.

Third, Belarus’s export structure has not changed. It still comprises mostly agricultural products, refinery products, potash fertilizers, and metals. Moreover, the share of high and medium-technology goods in total volume of Belarusian exports to the EU does not exceed 2 per cent.

Finally, despite the best efforts of Belarusian officials, the share of exports to Russia in the first half of the year accounted for more than a half of total turnover (not much different from last year). Accordingly, the trade turnover with EU countries increased only by 14 per cent, with the total share equalling 23 per cent.

Therefore, any optimism about a recovery seems a bit
premature, taking into account the absence of assurance that current pricing trends will continue longer into the future.

Entrepreneurship: approaching liberalisation

Meanwhile, on 26 September, the government submitted a key document to aid liberalisation of the Belarusian economy, the draft decree “On the Development of Entrepreneurship,” for consideration by Belarusian president Alexander Lukashenka.

The decree proposes the following changes. First, the government will systematise and reduce administrative requirements (procedures for obtaining certificates, approvals and other permits) in order to simplify entrepreneurial activities.

Second, the decree advocates the formation of predictable tax legislation with the aim of ensuring a stable situation in the tax sphere. In particular, the government plans to introduce a ban on the introduction of new taxes or the increase of tax rates till 2020.

Third, the decree introduces a new notification procedure (by way of “one window” services or by implementing an e-services portal) for some of the most common types of economic activity for small and medium private enterprises (household and travel services, transportation of passengers and cargo, production of agricultural goods and building materials).

Fourth, the decree cancels the need for licenses for 3 of the 36 currently licensed business activities. It also streamlines 20 additional licensing components for the remaining activities. Finally, the government will attempt to transform the economy to focus on information technologies. Particularly, the First Deputy Prime Minister of Belarus
Vasily Matyushevsky has acknowledged further development of Belarus High-Tech Park.

As a whole, the decree aims to change the mechanisms of interaction between the state and businesses. The hope is to minimise state intervention in the activities of private companies and to strengthen the mechanisms of self-regulation for entrepreneurs. However, the government still insists on maintaining a level of control over the economy.

**The real sector: waiting for investments**

Later, on 28 September, during the Belarus Investment Forum held in Minsk the First Deputy Prime Minister of Belarus Vasily Matyushevsky praised the success of the measures taken by the government to support businesses in general.

Matyushevsky stated that Belarus occupies the 37th place in the latest World Bank’s Ease of Doing Business ranking and grades among the ten countries-leaders in the reform of legislation. As a result, the number of companies bringing in foreign capital is growing—40 per cent more in comparison with 2014.

Discussion during forum touched on several topics, including investment in the real sector, technological and human resources of Belarus, and growth drivers for the Belarusian economy. Additionally, participants have evaluated the possibility for a transition from a “catch-up development” strategy for Belarus to a “harmonious integration into international value chains” strategy, which envisions generating a stream of FDI into the country.

Moreover, the officials have stated that Belarus will continue reforms in order to support promising sectors of the economy,
developing modern technologies, and increasing of the role of private sector.

However, World Bank Country Director for Belarus, Moldova, and Ukraine, Satu Kahkonen has argued that, along with the many opportunities, several risks remain in store for Belarus.

Kahkonen noted that Belarus can no longer rely on its traditional position in the market. Global driving forces have changed: the prices of raw materials will not be as high as in previous years. This means for Belarus that it cannot rely further on high commodity prices. If Belarus stops developing and reforming, it will fall into the trap of slow growth.

She added that additional growth factors for Belarus should include high level education, infrastructure development and taking advantage of its geographic location between EU and non-EU states.

In total, while the government demonstrates commendable efforts in the legislative sphere and tries to assure foreign investors with good economic development prospects, the economy still awaits more proactive steps and shows only temporary signs of recovery.

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)
One Step Forward, Two Steps Back: Digest of Belarus Economy

The drop in oil prices in the first two weeks of January and the resulting volatility of the Belarusian rouble have taken centre stage.

The Belarusian government took some small steps towards reforms, but took no serious measures to reform the state-owned sector of the economy.

Instead, it continued to pump money into inefficient enterprises to keep them afloat. Meanwhile, trust in the Belarusian rouble and the banking system is declining, leading to significant deposits outflows.

Oil turmoil hits the Belarusian rouble

Despite the presence of much depressing economic news in January (such as the 3.9 per cent decline in GDP growth in 2015, or the small traders strike), the adventures of the exchange rate of the Belarusian rouble were making the headlines. From 1 January to 31 January 2016 the Belarusian rouble lost 12 per cent of its value against US dollar, as the exchange rate changed from BYR18, 569: $1 to BYR20, 823: $1.

The exchange rate reacted to the drop in oil prices, which affects Belarus in several ways. First of all, the Belarusian economy, in particular the exports, depends greatly on the Russian market and the exchange rate of the Russian rouble,
which in turn is reacting to the oil price. Second, Belarusian oil refineries make greater profits the higher the price of oil, and there are similar consequences for tax collection.

The current Belarusian budget is based on a forecast average price of Brent oil at $50 in 2016. Prices in the first month of the year made clear that the government needs to revise the forecast down, and cut the expenditures it had planned.

The behaviour of the exchange rate in the next months will largely depend on the oil price fluctuation, and the Belarusian rouble might even appreciate if the oil price goes up. But given the uncertainty on the oil market, and complete inability of the National Bank (central bank) to stabilize the exchange rate fluctuations since the currency reserves are low, the rouble may see a lot of volatility in the future.

Reforms: two steps forward, one step back

In January the government took several important steps towards reform. As expected, the government started implementing IMF-recommended reforms with unpopular subsidy cuts. On January 1 heating tariffs increased substantially, along with increases in other utilities tariffs, and a VAT tax on utilities was introduced.

At the end of January the government announced that it was working on providing targeted support to those who will have difficulty covering their utilities bills. In another unpopular move, the government liberalised prices on some social goods like milk and bread.

At the beginning of January the government rolled out yet another plan for the economic development of Belarus. As many previous editions of similar documents, the plan contains a
lot of well-intended policy initiatives, like creation of the same market conditions for private and state-owned companies. But it remains unclear if or when these policies will be introduced.

Continued financial support for loss-making state-owned enterprises is certainly a step backwards for the reforms.

The Deputy Minister of Finance Maksim Ermolovich in an interview on January 26 also announced a change in the budgeting process, namely a shift to results-oriented budgeting, and equal opportunities for the state-owned and private firms to get financial support from the state.

On the other hand, at the beginning of January the government issued a series of documents offering financial support to several state enterprises. In particular, cement industry enterprises received significant support (around $300m) in the form of government debt guarantees.

Several glasswork factories received significant support, as well as light industry enterprises like Kamvol, one of the largest textile producers. Continued financial support for loss-making state-owned enterprises is certainly a step backwards for the reforms. The departure from directed lending and other forms of support for uncompetitive enterprises is one of the main recommendations from both independent experts and the IMF.

**Deposit outflow**

Rouble deposits of natural persons continue the decline that they started in August 2015. On 1 January 2016 people held BYR40,204bn in bank deposits, just slightly higher than the amount held a year ago, and much lower than on 1 August.
There are several reasons for this deposit outflow (which is very significant, especially given the average deposit rates of 20-25 per cent). The National Bank decree that came into force in November 2015 introduced income tax for the interest earned from transferable deposits to motivate long-run non-transferable deposits.

Several rounds of fast and unpredicted depreciation in August and November 2015 also contributed to the reduction of trust in the national currency. Combination of these factors also made it difficult to speculate on high rouble deposit rates. Another important factor in the deposit outflow is the decrease in real incomes – given the drop in wages people save less, and some of them probably had to spend some of their savings.

In January the depreciation of the rouble continued. No one expects real incomes to increase either, and the deposit outflow will most probably continue. The outflow of rouble deposits is not a huge threat to the banking system – the National Bank can print roubles and be the lender of last resort. However, if the outflow of currency deposits starts, it will be much more difficult for the National Bank to stabilize the situation.
Given the uncertainty in the oil price outlook, and the fragile state of the currency reserves, the Belarusian government and the National Bank have a difficult task to accomplish. Preserving financial stability without financial support from the outside seems impossible, and the IMF loan looks like the best option to both get the funds and receive impetus for reforms.

Kateryna Bornukova, BEROC

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

What Is at Stake in the Small Traders Protests?

On 1 January 2016, a new edict came into force in Belarus demanding that small traders who sell imported goods must provide details of their origin.

The edict was based on laws for small traders introduced by the Eurasian Customs Union that came into effect in January 2013. As a result, most outlets selling light industrial goods have closed.

The traders held an “anti-crisis forum” at the Hotel Belarus’ on January 11, but to date the government has refused to rectify the situation. Moreover, the impasse seems likely to continue at least until the convocation of the next Business Forum on January 25.

While the difficulties for such forms of business in Belarus
date back more than a decade, the current conflict represents the most serious dilemma to date for both the authorities and small traders.

**Traders' response to decree 222**

The bill requests that traders selling imported goods — mostly from Russia — must provide certificates indicating their origin. Traditionally, Russian exporters have either declined to provide such information or fabricated it. The government’s stated goal to procure transparency in trade masks a larger concern that cheap imported goods undermine the sale of Belarusian products. In turn, the traders insist that the quality of local manufacturing is both inferior to and more expensive than imports.

The mass desertion of their market stalls clearly surprised the authorities, and the Ministry of Trade acknowledged that 68% of outlets had remained closed, which it attributed in official parlance to the holiday season. Yet according to the head of the business association Perspektiva, Anatol Šumchanka, 90% of traders nationwide abandoned their businesses during the holiday season, which is normally their peak period for sales.

The president of Belarus, Aliaksandr Lukashenka, made reference to the stoppage of sales on January 14 at a meeting related to the protection of the state border. He noted that advance warning of the decree was given last year to self-employed small traders and commented that he was puzzled by
recent events.

Decree 222, he added, constitutes the first step in trade transparency, thus implying that more measures would follow. For the president, the struggles of the state sector in the current dire economic climate remain the priority and thus traders must sell homemade products.

The anti-crisis forum

An estimated 1,500 small traders attended the anti-crisis forum held at the Hotel Belarus, with a further 800 gathering outside in the foyer. Šumchanka addressed the assembled and complained about the lack of prior consultation of the new decree. He stressed that traders do not oppose the certification of goods, but the authorities introduced the laws without consultation.

Šumchanka cited a former judge of the Constitutional Court, Michail Pastuchoŭ, who analysed Edict 222 and reached the conclusion that the document illegally restricted the rights of citizens. Šumchanka proposed the gathering of 50,000 signatures to introduce a new law into Parliament on behalf of the traders to create more favourable conditions for small businesses.
Perhaps unsurprisingly some participants wanted more direct action and in the foyer Minsk trader Aliaksandr Makajeŭ called for a mass protest at October Square on January 16.

Notably also, former presidential candidate Tacciana Karatkievič attended the forum, as did two (invited) officials from the government, Andrej Miaškoŭ (Ministry of Trade) and Valery Chomčanka (Ministry of Economy).

Šumchanka[], however, who highlighted the campaign on his Facebook page (Anatoliy Shumchenko), responded angrily to what he perceived as the attempt to politicise the protests and commented that radical actions would not bring the desired results. At the same time, Miaškoŭ[] provided an overt warning that traders would be held responsible for “violating established working hours” should they fail to report to work the next day. The vast majority ignored the threat.

Could the protest widen?

Šumchanka referred to political activists as “scum” and “provocateurs” who should hold their own events, but some political activists perceived the dispute as a potential for more coordinated anti-government actions, perhaps based on Šumchanka’s own estimate that the new decree encompasses potentially not merely 37,000 individual traders, but also over 120,000 businesses operating in shopping centres and as private companies.

The gathering at the Hotel Belarus also comprised delegates from all parts of the country, indicating the breadth of the protests. The leader of Perspektvyva believes that the government logically must come to an agreement with traders who have no alternative but to oppose a law that undermines their very livelihood.

Opposition leader Mikalaj Statkievič provided an interview to
Belsat TV on the same day as the Anti-Crisis Forum. He made it clear that if the authorities failed to respond to demands of ‘democrats’ for electoral reform, they should be prepared to gather “in the Square” in order to “maintain dignity” and demonstrate their willingness to fight for their rights.

Street actions, in his view, remain the sole mechanism to influence the authorities. He revealed that he is preparing a group of 150-200 committed and “courageous” people who are prepared to lead street rallies. The call for confrontation contrasted with the milder approach of Šumchanka, who although equally dismissive of the government’s responses to date, still holds out the hope of reaching agreement.

A time for compromise?

The dispute between the government and small traders carries potential for broader protests, especially given the dilemmas of large companies who are cutting the workforce and dealing with high costs of imported materials.

Moreover, an immediate solution appears unlikely as the suppliers of the imported goods refuse to provide documentation of their origin. Such trade originated in Soviet times and constitutes an essential mechanism for supply of consumer products in a command economy. And while the majority of small traders in Minsk on January 11 seek economic rather than political solutions — such as a change of government — their frustration is evident.

Belarus can ill afford a sustained mass protest given the forecasted sluggish GDP growth of 0.3% in 2016 — a prediction itself based on a highly implausible oil price of US$50 per barrel. A wise government would consider a compromise solution.

David R. Marples
Top 10 Belarus Civil Society in 2015

In anticipation of the New Year, Belarus Digest publishes Pact's overview of some of the most notable Belarus’ civil society developments in 2015.

For the fourth straight year, Pact presents its version of the top 10 civic initiatives in order to acknowledge individuals and groups whose enthusiasm, dedication, and communication contributed to positive change in Belarus.

The top 10 list below represents only a portion of developments in Belarus civic space, which has become more vibrant and diverse over the years.
Event of the Year: Open-air Concerts at the Town Hall

For the third consecutive year, Fond of Ideas organized open-air free music concerts in the heart of Minsk on the Freedom Square. This summer, three Saturday jazz evenings (with participation of European stars) and four classical music concerts attracted a record high of more than 70,000 people.

The events were funded by local business companies according to the concept of social corporate responsibility and aimed “to change urban space, make Minsk brighter and louder” and closer to European standards with wider civic space.

Advocacy of the Year: Entrepreneurs

This year, vendors continued to advocate for a workable regulatory environment for small businesses, which came under threat following the Presidential Decree #222, which introduced a complicated procedure of certification of light industry products in accordance with the Customs Union rules.

Due to their visibility and consistency achieved through a number of massive events (at least four public forums, the most abundant of which gathered 1,200 participants in February) and protests (in October nearly 500 entrepreneurs went on strike in Polotsk), the entrepreneurs managed to freeze new regulations for one and half years.

Perspektiva, a small vendors association headed by Anatoly Shumchanka, articulates the voice of 120,000 individual
entrepreneurs and 140,000 hired employees. At the recent forum, Perspektiva proposed an anti-crisis plan to authorities in order to postpone the Decree for another 6 months and create an inter-sectoral working group to resolve the situation.

Authorities, including president Lukashenka, reacted to the entrepreneurs’ situation (in March Lukashenka met with entrepreneurs in one of the Minsk malls), however it looks like officials will push for the implementation of new regulations as they believe that the abolition of the Decree will cause negative consequences for the economy.

Civil Society Theme of the Year: Community Development

This year, several programmes gave a new impetus to the adoption of local community (and particularly urban) development topics and promotion of community activism. Superheroes School trained 42 activists who implemented a number of visible improvement projects in Minsk communities. After piloting the topic last year, the 2015 Leadership in Local Communities program recruited 30 rural and urban activists for a community development-learning course.

The first summer reality-competition of urban projects #RazamMinsk received 300 applications and rolled out 12 projects implemented without donor funding. The General Plan For Minsk campaign was highly visible, fostering public discussion of the draft plan for Minsk development, as well as the Minsk Urban Platform urban-oriented projects and events.

Moreover, 87 out of 722 initiative applicants are lined up for funding under the UNDP/EU joint Support to Local Development
project; 12 out of 60 community proposals were selected for their economic empowerment by New Eurasia.

**Breakthrough of the Year: Bologna Process**

In May 2015, Belarus joined the Bologna process. The accession to the Bologna process has the potential to affect nearly 400,000 university students in Belarus every year. In 2012, Belarus’ accession to the European Higher Education Area (EHEA) was blocked due to the alternative report of the Public Bologna Committee of Belarusian civil society representatives that referred to numerous violations of academic freedom, particularly students and teachers who had been expelled/fired because of their political opinions.

This year the Bologna Committee achieved the mandatory condition for Belarus to implement the roadmap for higher education reform in Belarus in accordance with the values, principles and goals of the EHEA. While Pact has chosen the Bologna accession as its Breakthrough of the Year nominee, we would like to give due regard to another important development this year: Belarus’ accession to the UN Convention on the Rights of People with Disabilities, which after 8 years of efforts may positively affect over 500,000 disabled Belarusians.

**Policy Outreach of the Year: Kastryčnicki Economic Forum**
In November, Minsk hosted the largest economic conference in Belarus in a decade – the Kasťčickii Ekanamičny Forum (KEF), organized by the independent think tanks IPM Research Centre, CASE Belarus, and BEROC. The event gathered over 300 high ranking professionals for an open dialogue on economic reforms, reaching out to over 2,5 million Belarusians through conference-related publications.

First Deputy Economy Minister of Belarus Alexander Zaborovskiy presented the road map of reforms and, while President Lukashenka publicly reacted with criticism and reluctance, the public debate and demand is out there thanks to KEF. Thus, BISS’ surveys demonstrate that the Belarusians, including entrepreneurs and state servants believe in the urgency of economic reforms.

Political Event of the Year: Release of Political Prisoners

On August 22nd, six political prisoners were suddenly released in Belarus: Mikalai Dziadok, Ihar Alinevich, Mikalai Statkevich, Yauhen Vaskovich, Artsiom Prakapenka and Yury Rubtsou. Aliaksandr Lukashenka pardoned them in accordance with the "principles of humanity," in an attempt to normalise relations with the West.

Since that time, police have been applying ‘soft practices,’ such as avoiding new politically motivated cases and arrests of organizers and participants of unauthorized protests. However, on December 7th, Belarusian human rights defenders recognize a founder of Platforma NGO, Mikhail Zhamchuzhny, as
a new political prisoner.

**Fundraiser of the Year: Crowdfunding Platforms**

Three crowdfunding platforms that attract people’s funding for non-profit ideas emerged in 2015 in Belarus – [Talakosht](#) by Talaka.by platform and [Ulej/Beehive](#) by Belgasprombank in the spring, as well as [MaeSens](#) after upgrading at the end of the year. For the first six months of the platforms’ activity, the projects placed at Ulej collected $30,000; at Talakosht – $17,000; and at MaeSens (which has been working since 2011) – $300,000.

**Art Project of the Year: Urban Myths Festival**

From September to November 2015, street artists from different countries painted Minsk buildings based on their talks with local activists and modern history as part of the [Urban Myths festival](#), organized by the Signal street art community. Two of the Minsk murals – [Man without Identity](#) and [Girl in Embroidered Shirt](#) – for the first time in Belarus history place in the top 10 ratings of the best graffiti in the world. The new artistic images caused heated debate between citizens who are irritated with graffiti and those who believe that street art makes Minsk more European.

**Innovation of the Year:**
Online Platforms to Petition Government Agencies

This year’s mechanism to petition authorities and resolve citizens’ concerns moved increasingly online. A Minsk resident Valery Koldachev launched the One-Window-Online website, which enables people to send information about Minsk problems to the relevant state agency and monitor how the issue is resolved.

Comfortable City platform founded by the KoshtUrada project helps to create petitions and collect signatures to support them. The most impressive statistics belong to the 115.бел website of the Center for Information Technology of the Minsk municipality – launched on November 1st, the website has already solved about 1,500 issues in the sphere of housing and communal services.

And For Something Completely Different: The First Ever Nobel for Belarus Was not Celebrated by The State and
Caused Debates in Civil Society

This year’s Nobel Prize in literature was awarded to Belarusian writer Svetlana Alexievich, the country’s first Nobel laureate. While officials discreetly congratulated the laureate, who consistently criticizes the authoritarian regimes, ordinary Belarusians, independent media, and CSOs conducted creative flash mobs, organised joint watching of the award ceremony, and intensively covered the event.

Aleksievich also came under fire from some of Lukashenka’s opponents for allegedly not doing enough to cultivate Belarusian national identity, as well as not turning the Nobel lecture into a political rally. Yet, over a hundred Belarusians gathered at the airport to greet Svetlana Alexievich as she arrived back home and congratulate her on winning the prestigious award.


Congress of Belarusian Studies, Wiki-Manual, Belaruspolicy.com, KEF
Belarus Civil Society Digest

Belarus Research Council has presented the Belarus Think Tank Rating. New online research database Belaruspolicy.com launched.
The 10th project on the Belarusian crowdfunding platform Talakosht has completed successfully — a book on facilitating activity in Wikipedia Wiki-manual. Manage knowledge! has collected 4.3 million rubles.

The Belarusian authorities want to know the opinion of the business. Thus Information and Analytical Center at the Presidential Administration is conducting an online survey of entrepreneurs.

**Conferences**

**Belarus Research Council (BRC) presents first-ever Belarus Think Tank Rating results.** The top three includes the Belarusian Institute for Strategic Studies (BISS), the Research Center IPM and the analytical community Nashe Mnenie. The results were announced on 1 October in Kaunas, at the sixth BRC meeting that also introduced new think tanks’ online resources — thinktanks.by, belaruspolicy.com, imhoclub.by. The rating was initiated by Pact to motivate Belarusian research centres to improve the quality of their work and increase public awareness of the nation’s research sector capacity and output.

**Fifth International Congress of Belarusian Studies kicks off in Kaunas.** More than 450 scientists involved in studying Belarus people attend the biggest academic and expert event of the year. The Congress provides a platform for polemics on the entire spectrum of social and political sciences and in the humanities. The event takes place in the Vytautas Magnus University on 2-4 October in Kaunas. The Congress is traditionally conducted by the Institute for Political Studies Political Sphere.
Leadership in Local Communities calls for fellows. About 30 community activists will be selected to take part in the long-term leadership course on mobilizing citizens for addressing community issues and needs. This is the 8th Leadership Fellows Program implemented by Pact for Belarusian civil society activists; for two recent years it is organised jointly with the Office for European Expertise and Communications (OEEC). The deadline for applications is 12 October.

Registration for KEF opened. On 3-4 November Kastryčnicky Ekanamičny Forum, KEF titled as Economy of Belarus: At a Tipping Point will take place in Minsk. The registration and subscription for KEF updates are available. The overall objective of KEF-2105 is contribute to building consensus and trust towards a structural reform agenda, bringing the professionals together for an open discussion of the reform plans of the government of Belarus in the context of global trends and local challenges.

International Conference Deinstitutionalization: Global Experience and Way for Belarus was held in Minsk. The conference brought together leading experts from different countries. Deinstitutionalization approach is supported by Office for the Rights of Persons with Disabilities and aimed at changing the forms of social support of the disabled. The initiative includes the promotion of qualitative research of the situation in Belarus, educational thematic seminars and pilot transition to independent living.

Education

Sixth Golden Age University (GAU) kicks off in Grodno. On October 1, GAU conducted an opening ceremony of its 6th academic year. The program offers persons aged 55 to 85 a skills-, values-, and action-based civic education curriculum, and engages in advocacy and policy work towards better conditions for elderly population of Belarus to contribute to
the country’s development as full-fledged citizens.

**Press Club Belarus kicked off a new season of meetings with international media specialists** by holding an open meeting in Minsk with Sam Woodhouse, a managing editor of BBC political programmes and BBC Election Night editor, on 25 October. Mr. Woodhouse talked about British standards of covering elections.

**Belarusian Collegium calls for 2015-2016 academic year.** The Belarusian Collegium (BC) provides additional education on contemporary history, philosophy/literature, the European Union and journalism. Senior students and persons with higher education are invited to participate. BC is an initiative of a number of independent Belarusian institutions and private individuals; it started its activities since 1998. Education in BC is for free.

**First Belarusian University joins Magna Charta Universitatum.** In November 2014, ODB Brussels in cooperation with the National Institute for Higher Education organized a seminar on the opportunities of accession and cooperation with Magna Charta Universitatum Observatory. As a result, on 17-18 September in Bologna, International University MITSO has become the first institution of higher education in Belarus that has signed the Magna Charta of the European Universities.

**Civil society initiatives**

**10th success at Talakosht.** One more project on the Belarusian crowdfunding platform Talakosht has completed successfully – a book on facilitating activity in Wikipedia Wiki-manual. Manage knowledge! has collected 4.3 million rubles (about $240). Developed by the youth CSO Falanster Wiki-manual is the 10th successful project that raised funds through the platform Talakosht, launched last year.

**Entrepreneurs Forum announced a program of reforms.** On 28
September the Forum of entrepreneurs was held in Minsk and attended by about 200 delegates, representatives of the Ministry of Trade and the Ministry of Economy. Organized by the Perspective NGO, the Forum presented a new program of reforms in the regulation of the work of small businesses.

People’s voting for the projects participating in the 6th competition of social projects Social Weekend launched on 24 September. Internet users should choose the best 20 ideas out of more than 150. The organizers and the jury will select another 20 projects. The finalists will receive more than 350 million rubles (about $20,000) for the implementation of their projects.

Interaction between state and civil society

President's Decree on signing UN Disability Rights Convention. The Office for the Rights of Persons with Disabilities welcomes the Decree and believes that the signing of the Convention by Belarus may have unprecedented consequences for the progressivity of the Belarusian society. For several years the Office conducted a campaign calling on the authorities to sign the Convention.

General plan of Minsk is under discussion. Minsk city executive committee informs about holding a public discussion of urban project – the General plan of Minsk. All interested are invited to a public discussion, which takes place from 12 October to 5 November.

Government wants to know the opinion of entrepreneurs. Information and Analytical Center at the Presidential Administration is conducting a survey of entrepreneurs concerning the decree №666 "On introduction of the state sanitary-hygienic examination on imported goods", which has drawn criticism of independent experts. The survey is
Belarusian Authorities Battle Street Vendors to Save the Textile Industry

On 17 March, Belarusian President Alexander Lukashenka paid a personal visit to a popular bazaar in Minsk, the capital, to resolve a conflict between the authorities and local street vendors.

Earlier this month, a new government request was issued requiring all street vendors to obtain quality certificates. That prompted the vendors to go on strike.

Although Belarusian officials handpicked the vendors who met with Lukashenka, the president's speech at the bazaar at least acknowledged the main cause of the conflict. He stated that the Belarusian textile sector is being undercut by cheap imports from Russia.

What Lukashenka failed to mention is that Belarusian clothing chains also want the government to introduce new regulations in order reduce competition from street vendors.

Although the authorities pretended to make concessions, the
street vendor strike has been a lost cause. The fragmentation of this small business movement is one of the main reasons it has failed to achieve its goal.

The Force that Does not Feel Its Power

Individual shop owners play a much greater role in Belarusian commerce than is commonly believed. Official figures show that 248,952 people were registered as individual entrepreneurs at the beginning of this year, representing 2.5% of the Belarusian population. Since this group employs roughly the same number of people, the total workforce active in this segment of the economy could represent as much as 5% of all Belarusians.

Although accurate data is lacking, it is estimated that about 100,000 of these self-identified entrepreneurs are sole proprietors of stalls who trade in the markets where many Belarusians still buy their clothes. The authorities have sought to clamp down on the activities of this group of entrepreneurs. The sheer size of the street vending sector has not prevented the authorities from introducing tedious regulations every few years.

The most egregious example is a 2008 ban on the hiring of non-relatives, which effectively forces sole proprietors to set up firms in order to hire workers legally. Also in 2008, the last private kiosk disappeared from Minsk; the authorities deemed this type of business outdated, even though it was quite cost-effective and doing well at the time. Eight years ago, Minsk had 4,000 such kiosks.

Moreover, the regime often arrests local leaders who seek to organise the interests of street merchants. Anatol Shumchanka,
Explaining the Recent Conflict

The 17 March visit of Lukashenka to the Minsk market was a rare show. The president, now at the outset of another reelection campaign, likely wanted to show who is in charge. The secret service officers who accompanied him hand-selected street vendors with congenial attitudes to serve as his audience. The market was also full of police who frisked shoppers with metal detectors.

Lukashenka proposed his idea on how to resolve the conflict: Rather than apply for a quality certificate, street vendors will now be asked to pay higher taxes. The hand-picked audience of street merchants dutifully applauded the announcement.

Lukashenka's staged meeting with the street merchants could possibly end their strike, which dates back to 1 March. According to the association "Perspective", around 80% of local street vendors took part in the strike.

Belarusian entrepreneurs lack quality certificates because they buy clothes from Moscow wholesalers who do not have them either. If the new regulations are enforced, the retail price of clothes could rise so much that ordinary Belarusians may not be able to afford them. Lukashenka stated that the new regulation will be postponed and introduced only next year.
The president accused individual entrepreneurs of "decimating" the Belarusian textile industry by procuring cheap clothes in Moscow. Since most of Belarus's textile industry is run by the state, the choice seems simple: either state employees or private businesses will be deprived of income.

Lukashenka stated that Prime Minister Andrei Kabiakou takes responsibility for supplying Belarusian commodity distribution centres: "If entrepreneurs cannot acquire [here in Belarus] the types of garments or footwear they get at the Cherkizovsky market [the most popular market in Russia], Andrei Kabiakou will answer for this." The reality is that made-in-Belarus products are more expensive and of worse quality than those sold in Russia. Forcing vendors to procure locally will fail to solve the problem.

Another interest group lobbying the government behind the scenes are supermarket chains. They already have the requisite quality certificates, and so have good reason to demand that individual street vendors obtain them as well. Aliaksandr Mashenski, one of the most influential Belarusian businessmen, stated that "entrepreneurship should be pursued in a civilised manner."

Mashenski may be right, but the new regulation still looks strange, as such a rule has not been instituted for over 20 years. Reduced competition will simply help large retailers stay afloat during the current economic crisis.

At the same time, it seems the authorities have realised that small entrepreneurs cannot afford to comply with the new requirements. Aliaksiej Novikau, a small entrepreneur from Salihorsk, told Belarus Digest that "the Minsk traders can
take on the burden, but for vendors elsewhere it would spell the end of their business."

**Survive or Die**

Why are the authorities making such a fuss about fighting a group which represents a small segment of the national economy? In fact, this conflict could become the most difficult for private businesses in Belarus since the early 1990's. It's not just that the authorities are making unreasonable demands in the form of certificates and higher taxes; the worst thing is that this is happening at a time when the Belarusian economy is preparing for a recession.

It is precisely the threat of economic crisis that strengthens the government's hand. Relations are tense among individual entrepreneurs who are struggling to make ends meet, so they cannot concentrate on battling Lukashenka together. "Many try to somehow negotiate with the government officials because they need to feed their families," Novikau said.

Such internal conflicts could reduce the leeway for entrepreneurs to lobby for their interests in the future. Many will be forced to close their businesses and let go of their workers. They will only stand a chance of influencing the authorities if they stay united, but it seems they will not.

Lukashenka's postponement of the certificate demand looks like a temporary victory, but that will not change the fundamental relationship between individual entrepreneurs and the government. Every step Lukashenka takes, the businessmen follow, even at great cost to their livelihoods.
Perspektiva’s Entrepreneurs Forum gathered over 200 participants, raised media and government attention. $170,000 was granted to NGOs via state social contracting.

International Human Rights Day is marked with series of events. Hrodna Golden Age University is recognised the best educational event of 2013/2014.

Vyshyvanka Day Festival to be held this weekend in Minsk. Cozy Town civil campaign launches in Mahiliou to engage local citizens in solving local problems. Local residents manage to cancel a construction a pig farm near Maladzechna.

CIVIL SOCIETY ACTIVITIES

Forum of Entrepreneurs of Belarus took place on December 8, in Minsk. Organized by Perspektiva NGO, the forum gathered around 200 entrepreneurs representing different cities and towns of Belarus as well as representatives from the Ministry of Trade, Ministry of Taxes, and State Committee on Standardization. The main mode of the forum was discussion of the most acute and painful issues for the entrepreneurs like increase of taxes, certification, new rules of trade, increase of control and punishment from the side of authorities.

Hrodna Golden Age University is recognized the best educational event of 2013/2014. The results of people’s and expert voting were announced at the 5th Festival of Non-Formal Festival that took place on December 5-6, in Minsk. Among 47
contenders the jury identified four more significant events in non-formal education field – namely, Mova Nanova Belarusian language courses, the Minsk Third Age University (Belarusian Association of Social Workers); Green Weekend Children Festival (Ecodom) and Distance learning courses for people with disabilities 'Internet – No Barriers'.

 Vyshyvanka Day 2 to be held this weekend. On December 13, in Minsk, Art Siadziba with the support of the Belarusian Union of Artists holds a Vyshyvanka Day (Embroidery Day), the second festival of Belarusian culture. From 3 pm till 10 pm the Palace of Arts will host an exhibition of traditional and modern embroidered shirts and gifts from popular brands, various products of artisans and craftsmen, as well as master classes, competitions, presentations and musical performances of the Belarusian bands.

 Twelve thousand ribbons with national ornament distributed in Minsk. On December 6, on the initiative of Art-Siadziba, about 100 volunteers distributed about five kilometers of ribbon with the Belarusian ornament. According to the organizers, there were no people who refused to take the ribbon or somehow negatively spoke about the action. During the action, though, three activists were detained by police, but soon released without detention reports.

 Cozy Town civil campaign launched in Mahiliou. First 200 signatures of citizens were sent to Mahiliou municipality. The campaign goal is to push Mahiliou citizens in solving local problems. The signatures are collected for the improvement of social infrastructure – construction of clinics, schools and kindergartens. The initiative is led by the BSDP party (Hramada), the BCD organizing committee, and civic initiative Public Magistrate. All in all, the leaders of the campaign plan to address the problem of 200 yards and help citizens to solve their local problems.

 Around a hundred people attended freemarket in Homel. Last
weekend Green Alliance and Center for Regional Development GDF organized a freemarket in Homel timed to the Day Without Shopping. The event aimed to draw attention to the issues of overconsumption in modern society.

**Become an older friend: kind initiative in Minsk.** For the second year the project ‘Older Friend’ is running in Minsk. The project is implemented by the Healthy Choice NGO following the example of the US mentoring program *Big Brothers Big Sisters*. The program selects volunteers of 18-25 years to mentor/ to be friends with children from shelters and vulnerable groups. It’s important that a young volunteer is perceived not as a potential adopter, but really as an older friend.

**National Platform conference in Minsk.** On December 22, Belarusian National Platform of EaP Civil Society Forum organizes a conference in Minsk. The conference has a focus on inventory and re-evaluation of the potential of the Eastern Partnership for the development of Belarusian civil society. Stakeholders from national and regional non-governmental organizations, international organizations, experts and the media are invited to participate in the event.

**The Vitali Silitski Alumni Scholarship.** In 2014 the CEU Belarusian Alumni Chapter launched the third year of its alumni scholarship honoring the late Belarusian scholar Vitali Silitski. The scholarship is intended to support promising students from Belarus while honoring Silitski, a brilliant scholar who from 2007 to his passing in 2011 headed the Belarusian Institute for Strategic Studies (BISS). The chapter hopes to raise $2,000 for supplementary scholarship awards for Belarusian students.

**The Institute of Political Studies Political Sphere announces the Fourth International Academic Conference in Minsk.** The conference is dedicated to the 30th anniversary of the beginning of perestroika in the Soviet Union and titled as
'Beyond the Soviet Canon: Political Resistance, Academic and Artistic Autonomy in the Late Soviet Period (1960s-1980s)'. Deadline for applications is March 1, 2015.

**Legal Transformation Center announces call for applications for online course.** Online course 'Non-profit organizations Law' provides an opportunity to learn a Lawtrend’s unique experience in legal regulation of NGOs, accumulated over 19 years of practical work in this area. The course is designed for law students, lawyers, staff and volunteers of nonprofit organizations, as well as all interested in the issues of freedom of association and the legal regulation of NGOs.

**International Human Rights Day,** December 10, was marked in Belarus with a number of thematic events. The Office for European Expertise and Communication (OEEC) and the Belarus Research Council (BRC) conducted a live panel discussion on Belarusian society’s attitude towards the death penalty under *What Do Belarusian Think* series. The Human Rights Center Viasna presented an *analytical report* on the results of monitoring places of detention in Belarus for 2013-2014. The *round table* on new challenges in human rights work was held in Brest on the initiative of the Belarusian Helsinki Committee.

**National Human Rights Community Award called the winners.** Elena Tonkacheva was recognised the human rights defender of the year; Lyudmila Kozak – the attorney of the year; Elena Pankratova and the Viasna website got the award in journalism dealing with human rights issues. Traditionally, the winners are defined by nine Belarusian human rights organizations. On the same day, December 10, *the prize named after Frantsishak Aliakhnovich* (it is delivered to the authors who wrote book in custody) went to Ales Bialiatski, Zmitser Dashkevich, Aliaksandr Fiaduta, Iryna Khalip, Feliks Peker and Pavel Seviarynets.

**Viasna launches video project Kitchen.** Human Rights Centre Viasna starts the series of video programs Kitchen TV that is
a peculiar ‘round table’ with the participation of contemporary human rights activists, representatives of the democratic community with the aim to discuss the most acute social issues. According to the authors, the format of kitchen allows speak freely and sincerely about the burning issues as well as find ways to act together in the present circumstances.

INTERACTION BETWEEN STATE AND CIVIL SOCIETY

**Alesin released from KGB detention center.** The journalist of *Belarusy i Rynak* and military commentator Alyaksandr Alesin was behind bars since November 25 on charges of cooperation with a foreign intelligence. On the morning of December 10, he was released. Alesin told that he was cleared of ‘treason’, now he was being charged only with cooperation with foreign intelligence (Art. 356).

**Authorities decide against a pig farm near Maladzechna.** Construction plans for pig farm for 100 thousand heads near the village Moisichy, three kilometers away from Maladzechna caused great controversy in society. Locals actively rejected the construction; several hundred signatures were collected against the decision. On December 1, Maladzechna Region Executive Committee held a public hearing on this topic. As a result, the local authorities canceled the project – a pig farm will not be constructed.

**Belsat TV turns seven years.** Belsat TV, the first independent channel in Belarus was launched on December 10, 2007, on International Human Rights Day. Formally the channel was established by virtue of an agreement signed by the Polish Foreign Ministry and Telewizja Polska S.A. (Polish Public Television). Year over year Belsat TV’s viewership has been growing, as the channel attracts people of different age, income level and political views.

**Sex shop moves into former location of evicted NGO.** An online
sex shop's showroom opened at the former location of Art Siadziba, a popular independent art center which seeks to popularize Belarusian culture and language and had to move to new addresses in Minsk every few months because of what is widely seen as pressure from authorities. When the landlord notified Art Siadziba that their lease contract would be terminated, it said that the premises were needed to house a sewing shop.

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Belarusians Want Reforms, Entrepreneurs Protest, New Education Initiatives – Belarus Civil Society Digest

New polls suggest that in the current environment Aliaksandr Lukashenka remains the most trusted politician in Belarus but Belarusians want reforms, in the first place of its political system.

The recently released political prisoner Ales Bialiatski is meeting with top European politicians.

Education initiatives and debates keep civil society activists busy in Belarus this summer. Entrepreneurs protest against new regulations adopted in accordance with new Customs Union rules.
Polls

**BISS Poll: Attitude to Reforms.** The Belarusian Institute for Strategic Studies (BISS) has released the data of a public poll under the REFORUM project.

The research reveals the general attitude of ordinary citizens as well as representatives of civil society and political opposition to reforms and identifying high-priority areas. Thus, 75.6% of Belarusians consider reforms necessary and wants reforms in health sector above all. According to representatives of civil society the main area of reform should be a political system.

**Trust to Lukashenka continues to rise.** The Independent Institute of Socio-Economic and Political Studies (IISEPS) has released the results of a national survey conducted in June 2014. According to the poll, the level of trust to the president continues to rise: in December he was trusted by 37.7% Belarusians, in March – 45.9%, and in June – 49.6%. At the same time, popularity ratings of all potential opposition presidential candidates combined do not exceed 20%.

Education

**'Learning Region' Adukatar.** Association for Life Long Education (ALLE) has released a regular issue of its thematic magazine Adukatar. The issue is devoted to the 'learning region' concept that is defined as any regional competitiveness in the modern world by its ability to learn. The 'learning region' is shown to readers as a theoretical construct as well as its implementation on the European continent and in Belarus.

**Distance learning for Human Rights advocates.** The International Human Rights House Network announces a call for applications to participate in distance learning program for lawyers and experts from Azerbaijan, Belarus, Moldova, Russia and Ukraine. 125 participants – 25 fellows from each country –
will pass theoretical and practical training in applying the concept of human rights and international legal standards in the national and international legal protection. The course is certified by European Humanities University (Vilnius, Lithuania).

**Golden Age University invites to a methodological Summer School** on education for the elderly. The School is to be held on 6-10 August in the Grodno region; it aims to share Belarusian and foreign experience on the methodology of social enhancing of the elderly. The organisers are welcome representatives of community and government organisations that already have or plan to start educational and outreach programs for the elderly. The University works at the Third Sector Centre NGO in Grodno from 2010.

**Debates and projects**

**What young Belarusians want.** On 1 July in Minsk, the Liberal Club held a roundtable discussion titled as *Youth Policy Concept in Belarus: What Young People Really Want?* At the meeting, the experts presented an updated concept of youth policy and launched a debate on how to satisfy the real needs and interests of the youth. Thus, organisers hope to contribute to the country's national security and to meet the challenge of a high level of dissatisfaction of young Belarusians and their strong desire to leave the country.

**Ales Bialiatski visits Brussels and Strasbourg.** Ales Bialiatski, head of the Human Rights Centre Viasna meets with European diplomats and journalists such as the newly elected President of the European Parliament Martin Schulz, EU Commissioner Stefan Fule, Secretary General of the Council of Europe Thorbjørn Jagland, etc. Remind that on June 21, Ales Bialiatski was released from prison under an amnesty having served almost three years for tax evasion. On 27 June in Vilnius, Ales Bialiatski gave a press conference for the Lithuanian media ([full video](#)).
First city-game "Skhvatka" in Belarusian language would take place under the slogan "Let the Glory of Orsha be eternal!". For the first time the city-game "Skhvatka" will be held in Belarusian language. It will be devoted to 500th Anniversary of Orsha battle. The game will have a format of bicycle ride with a team contribution of 30 US dollars. One can become a part of the game joining its website or official public account at social networks.

Festival of Belarusian Advertisement and communication Ad.nak! celebrates its fifth anniversary (picture at the top). Traditionally organised by civil cultural campaign Budzma and web-portal Marketing.by Festival is steel increasing in numbers. This year the Festival has collected more than 400 works from almost 200 participants. 6 Grand Prix (2 – last year), 17 first places (6 – last year), 33 second and 41 third places given. The fifth edition was the first one to bring collaboration with general partner on business side which was the oldest mobile operator Velcom.

Projects on social inclusion

Accessibility Week summarizes results. Office for the Rights of Persons with Disabilities summarises the results of the Accessibility Week that held in Belarus for the second time. The Week lasted from 1 to 15 June and took place not only in Minsk, but also in other cities of Belarus: Hrodna, Kobryn, Zhytkavichy, Lida, Smarhon, Baran', Babruisk. The Week included 14 events attended by more than 400 people.

UNDP initiative "Inclusiveness after 2015: social collaboration of disabled in Belarus" has started. The program has started in May 2014 and its aim is to improve the life and deepen involvement of people with disabilities into community life.

The communicational core of the action is an internet platform, where everyone willing can write down his own story
or the story he witnessed. When the pull of the stories is collected it will be analysed by special program, working out a new approach to further development of disabled involvement. The approach would be used for further spreading among civil, business, governmental and international organisations.

Interaction between state and civil society

**Entrepreneurs try to defend their interest through Forum and strike.** On 30 June in the Minsk hotel Belarus, 235 entrepreneurs from across the country gathered at their regular forum, organised by the republican public association *Perspectiva*.

Entrepreneurs urged not to sign the decree that requires that from 1 July light industry goods should be imported to Belarus only with documents on compliance with special technical regulations of the Customs Union. The next day, on 1 July entrepreneurs from different cities of Belarus **went on strike**.

**Campaign of Belarusian language defense at Constitutional court has started.** Friends of civil initiative "Rada of Belarusian intelligence" have signed a petition in defence of Belarusian language to Constitutional court. The example of the petition was worked out by Belarusian Helsinki Committee chairperson Harry Paganiajla. One can simple **cache and sign the example** and read **methodical recommendations**.

**New public hearings are announced on Kurapaty building project.** Minsk municipality has decided to run another round of hearings on city development project of detailed planning of territories near Kurapaty. This information is coming out of the list of head of architecture branch of municipality. During first hearings many remarks were made and were supported by expert board on situation around Kurapaty and second round has to fix misunderstanding between authorities and activists.

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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.