

Belarus Exit Fee: The Authorities Back Down

On 6 September many Belarusian families were vigorously discussing Alexander Lukashenka's proposal of a new charge for those who shop abroad. Additional fees would certainly end their shopping trips to the EU countries.

But last week Lukashenka himself unexpectedly backed away from this idea, making a number of Belarusians breathe a sigh of relief.

The main thrust of this additional tax was to discourage Belarusians from spending money abroad and encourage them to purchase domestically produced goods. Today thousands travel from Belarus to shop in neighbouring Poland and Lithuania. These shopping trips bring benefits not only to Belarusian customers, but also the local economies of the bordering regions, such as the Podlasie region, in Poland.

Belarusian civil society and independent media did not wait long to show its disapproval for the suggested tax. It launched an Internet petition to the authorities and collected almost 27,000 signatures of dissatisfied Belarusians who openly contested the new tax which was briefly mentioned by Lukashenka on 6 September.

Exit Fee: Because You Can Buy Stuff in Belarus

Lukashenka suggested introducing an additional system of taxation during his working visit to the Minsk company "Motovelo". Soon after the Belarusian media reported that he had already ordered Deputy Prime Minister Piotr Prokopovich to prepare a bill. Prokopovich subsequently announced that he needed around 1.5 month to complete the work.

At the same time, the Belarusian authorities kept underscoring that it would apply such a tax only to Belarusian citizens going abroad to shop, not foreign tourists leaving Belarus. This, in turn, gave everyone the impression that the authorities had already made a decision and a bill on the tax was only a matter of time.

Lukashenka's rationale was fairly clear: Belarusians spend too much money in the West instead of supporting the Belarusian economy. Around the same time the Belarusian Ministry of Trade published statistics showing that fewer people were purchasing Belarusian goods. This, de facto, aids the EU economy, as Lukashenka emphasised. In his words, Belarusians spent around \$2bn on goods, most often making their purchases in Poland or Lithuania.

However, on 28 September, at the harvest festival, Dazhynki, Lukashenka tuned down his rhetoric and was much calmer on the topic. He not only explained his arguments, but also withdrew his support for an exit fee in the form that he had previously suggested.

Instead of imposing the previously suggested tax, the authorities now plan to introduce a special departure tax – it will be much lower and of a different character than the previously mentioned exit fee. He emphasised that the welfare of the nation is as important as the welfare of the state. He was presumably referring to the clear dissatisfaction voiced by a large swathe of society to the exit fee.

Would \$100 stop Belarusians from shopping abroad?

Mikola, a 27-year old man from Baranovichy, for a number of years has been visiting Bialystok in Eastern Poland. There he buys food, building materials and various things for his household. He finds many goods for much cheaper in Bialystok or Bielsk Podlaski, than in his hometown, Baranovichy, located about a 2 hour drive from Poland. He did not hide his

frustration when found out about Lukashenkas proposal.

In the opinion of Mikola, only those who want to purchase cars or have serious business would still be prepared to pay the \$100 fee. Otherwise, shopping in Poland would no longer make sense. He could not come up with any idea on how one could avoid the tax. "People could not bribe the border officers. For sure, they could not bribe them. This tax would rather stop them from travelling and buying stuff there", he told Belarus Digest.

On the list of most desired items among the Belarusian customers remain goods such as food, electronics, building materials and clothes. Mikola said that usually he just bought everything he could that was cheaper than in Belarus. The tax return service already available most stores make shopping in Poland all the more attractive. People can claim up to 23% of the price they paid if they use the tax return system. It is particularly visible on Saturdays when Belarusians almost "invade" Polish shops, something which brings joy both to themselves and the local businesses.

Who Benefits?

The Belarusian State Border Committee made public its data on the number of Belarusians who traveled abroad and its figures are worth considering. It shows that Belarusian citizens travel most frequently to Poland and Lithuania. In 3.33 million out of 5 million overall trips Belarusians went to Poland. 1.3 million people went to Lithuania. These destinations are not surprising given their proximity and their well-stocked shopping centres.

To meet demand, travel agencies even organise special shopping trips to Bialystok. They include visits to the largest supermarkets and electronics shops.

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Mikola told Belarus Digest that a few of his relatives and friends can live a fairly good life thank to these shopping trips. For a small town such Baranavichy shopping and smuggling remain the most basic sources of income. "People use every opportunity to take advantage of it", he adds.

Shopping trips remain a serious benefit to the regional economy of Bialystok. A press speaker of the Customs Chamber in Bialystok, Maciej Czarnecki, told Belarus Digest that since the beginning of 2013 the regional chamber registered over 660,000 receipts for the tax free procedure in the Podlasie region. 150,000 people claimed tax free exemptions with an estimated total value of \$204m.

The statistics of the Border Service in the Podlasie region show that in 2012 alone, Belarusians crossed the border with Poland 7,902.6 times. 82% of people declared that went to Poland primarily for shopping. Almost 90% of them crossed the border a few times a day.

Why is the State Taking a Step Back?

Alaksiej Shein from Minsk initiated an online petition to Lukashenka's administration raising reasons why the authorities should not introduce the fee. On the website change.org, the author reports that they have already collected 26,925 signatures from people who openly protest the tax. Shein claims that such fees would breach the Belarusian Constitution as well as other international agreements that Minsk has. In his opinion, the tax would make traveling abroad for a majority of Belarusians nearly impossible. It would seem that the 27,000 people who signed the petition agree with his position.

Taking an additional 100 dollars from their pockets could potentially have a negative impact on the domestic image of a leader who likes to portray himself as the main defender of

his people's welfare. □

The whole discussion on the suggested fee invigorated Belarusian society. The initiation of this petition, but also jokes on the Internet, demonstrate that the Lukashenka's proposal caused serious dissatisfaction within some social circles. The exit fee story also shows that although Belarus remains an authoritarian state, its citizens can put pressure on the authorities who have to back down.