

ABBA

Association of Belarusian
Business Abroad



CASE – Centrum Analiz Społeczno-Ekonomicznych
CASE – Center for Social and Economic Research

BELARUS BUSINESS BAROMETER OCTOBER 2023



Warsaw, 27.10.2023



This paper is prepared within a EU funded project titled “Support to Belarusian businesses in exile and Association of Belarusian Business Abroad (ABBA) Capacity Development”. Any statement presented in the report reflects solely the authors' views and does not imply a position of the European Commission, CASE – Center for Social and Economic Research or ABBA.

ABBA – Association of Belarusian Business Abroad is the biggest association of Belarusian business abroad bringing together 100 members from 10 countries from Europe and the USA. ABBA’s goal is to integrate, protect the interests and develop the legal and ethical business of entrepreneurs with Belarusian roots for the development of New Belarus as an independent democratic country.

CASE – Center for Social and Economic Research is an independent, non-profit research institute founded on the idea that research-based policy-making is vital for the economic welfare of societies. Established in Warsaw in 1991, CASE today is recognized as the top think tank in Central and Eastern Europe and is one of the most highly regarded think tanks internationally. CASE carries out policy-oriented research and development assistance projects, specializing in the areas of: 1) Fiscal, monetary and financial policies 2) Sustainable development policies 3) Trade, innovation and productivity policies.

Table of Contents

INTRODUCTION	2
BELARUSIAN ENTERPRISES IN THE EU	4
SELF-EMPLOYED BELARUSIANS IN THE EU	8
THEMATIC BLOCK: FINANCIAL CHALLENGES.....	11
COUNTRY PROFILE: POLAND	15

KEY FACTS

8,103

businesses with Belarusian shareholders are registered in the EU in total (at least)

74%

of businesses with Belarusian origin in the EU are registered in Poland

58%

of Belarusian businesses in the EU were registered in 2020–2023

17,200

jobs have been created by businesses with Belarusian shareholders in the EU (at least)

21,300

self-employed Belarusians are registered in the EU (at least)

47%

of Belarusians are estimated to have entrepreneurial potential in the EU: 18% have a business or registered self-employment, 29% are going to start a business

152,277

is the estimated total number of Belarusians with residence permits in the EU

47%

of Belarusian entrepreneurs in the EU indicate insufficient financial resources needed to develop their business

€50,000

is the upper limit of the financial requirement for 58% of surveyed Belarusian entrepreneurs

24%-35%

is the estimated success rate range among Belarusian entrepreneurs who have already applied for a business loan in the EU

INTRODUCTION

The private sector was the key driver behind the protests following the unfair presidential election in Belarus in August 2020, and faced a harsh government response in the aftermath, leading to the first wave of business migration from Belarus. The political crisis affected many Belarusian private businesses in different sectors as well as the self-employed. According to a survey conducted in October–November 2021, the political crisis led to financial losses for more than 60% of the businesses surveyed.¹ Factors negatively affecting domestic business development included: risk of inspections, closures, and arrests; reluctance to pay taxes to the regime; falling demand; lack of opportunities for growth; the psychological state of employees; and deteriorating access to finance, credit and investment. The survey indicated that back in 2021, about 62% of company representatives were considering moving their businesses abroad, and about a third of them indicated that they had already partially relocated their business.²

After Russia's invasion of Ukraine on 24 February 2022, the private sector experienced further pressure to relocate from Belarus because of the challenges related to new economic sanctions against Belarus. The key challenges included: i) the toxicity of Belarusian export companies (including in IT) that led to a loss of western clients and additional costs in performing existing contracts; ii) significant restrictions related to the Belarusian banking sector that made international wire transfers to and from Belarus increasingly difficult, risky and expensive; iii) western businesses boycotting supplies to Belarus, resulting in a drop in imports to Belarus, supply chain deterioration, and high logistics costs; iv) increasing uncertainty and costs of doing business due to the instability of the Belarusian rouble exchange rate and deterioration of consumers' purchasing power.

Deterioration in the business climate and sole proprietorship reform led to business closures in Belarus. Over nine months of 2023, almost 6,200 (2.3%) of sole proprietorships disappeared in Belarus.³ This is the cumulative effect of entrepreneurial emigration from Belarus and the introduction of stricter rules for sole proprietorship in Belarus meant to stimulate registrations of micro-firms instead. The overall number of business entities in Belarus in January–September 2023 shrank by around 2,700, while the total number of sole proprietorships decreased by 6,200 and the number of businesses in 2023 increased by 3,500 (+2.3%). At the same time entrepreneurial activity by Belarusians in the EU has been growing since 2020.

We are observing two types of business activities by Belarusians in the EU: businesses with Belarusian shareholders, and self-employed Belarusian citizens. We distinguish two modes of relocation of entrepreneurial activity to the EU: the first involves a full or partial migration of the existing business to the EU, while the second is self-employment or start-up in the destination country⁴ (see Figure 1).

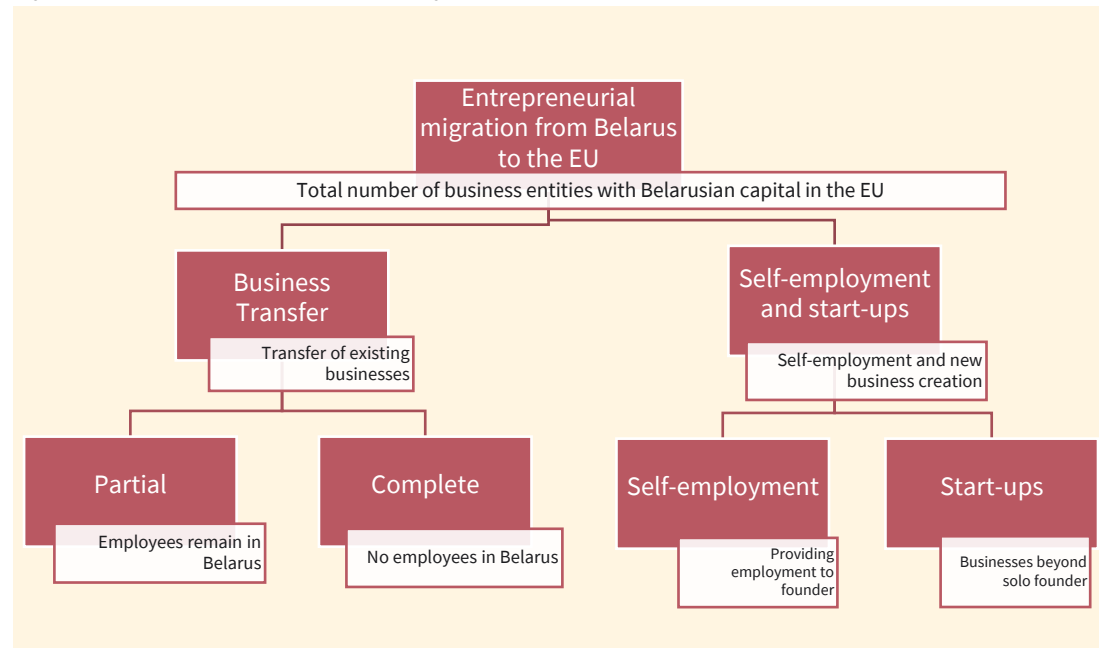
¹ Survey conducted by Imaguru Startup Hub and Coordination Council in October–November 2021, covering 154 companies: <https://bel.biz/how-to-2/rezultaty-issledovaniya-o-vliyanii-krizisa-na-belorusskij-biznes/>

² Ibid.

³ Data from Belstat publication “Socio-economic development of Belarus in January–September 2023: <https://www.belstat.gov.by/upload/iblock/d70/50mysjk2n03c86wt4assmhz0dopnu6nm.pdf>

⁴ Self-employment is defined as legal forms of businesses providing employment to a founder. Start-ups are broadly defined as all kinds of business entity that intend to grow in size beyond the solo founder.

Figure 1. Structure of entrepreneurial migration from Belarus to the EU



Source: own elaboration

The goal of the report is to give a picture of entrepreneurial activity by Belarusians and provide updated information on:

- how many Belarusian businesses there are in the EU;
- what their structure is, and how active they are;
- the key problems faced by these businesses.

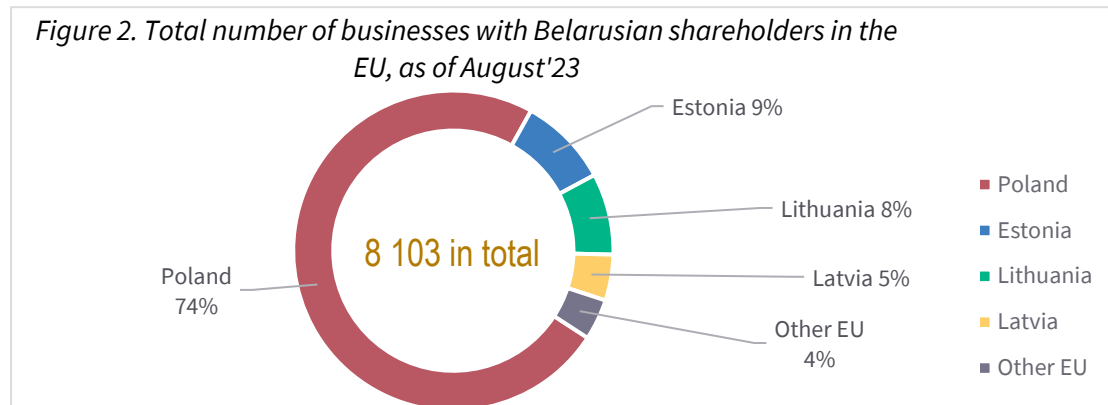
The added value of this report is threefold: i) updating the information on the number of Belarusian entrepreneurs in the EU as of August 2023; ii) estimating the number of self-employed Belarusian citizens in the EU; and iii) revealing key issues that limit the entrepreneurial potential of Belarusians in the EU.

The methodology section of the report is presented in Annex I, and explains the research methods and sources of data used.

The report is structured as follows: Section 2 presents the total number of Belarusian enterprises in the EU, their dynamics and economic impact, and the key problems these businesses face. Section 3 covers the number of Belarusians in the EU and estimates the number of them who are self-employed. Section 4 describes the financial challenges and needs of Belarusian entrepreneurs in the countries of Europe. Section 5 provides detailed information about Belarusian entrepreneurs in Poland.

BELARUSIAN ENTERPRISES IN THE EU

We estimate that at least 8,103 businesses with Belarusian shareholders are registered in the EU (self-employment not included). The majority of them are registered in Poland (74%), while the Baltic states together account for another 22% of all businesses with Belarusian origin (see Figure 2). Poland, Estonia, Lithuania and Latvia are the four key EU destination countries for Belarusian entrepreneurs.

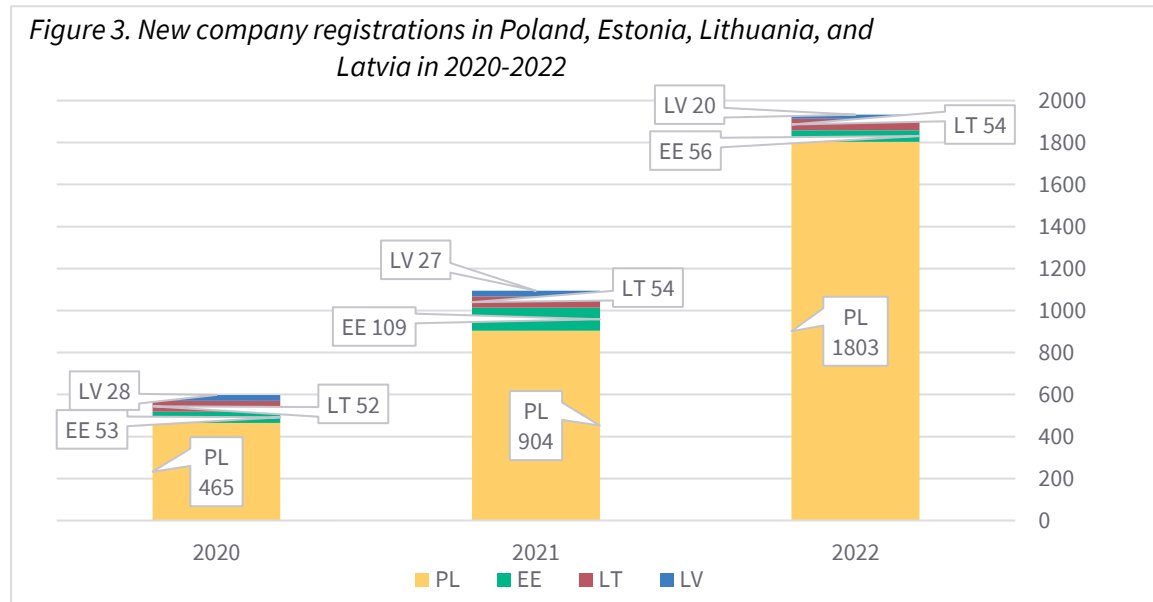


Source: ABBA database

The share of Belarusian businesses operating in EU countries other than Poland, Estonia, Lithuania and Latvia is estimated to be 4%. We are assuming that a country's share in terms of the number of Belarusian businesses is equal to that country's share in the total number of Belarusian immigrants. Using Eurostat's data for first resident permits in the EU for 2020–2022, we estimate that other EU countries' share in the total number of companies with Belarusian capital is 4%.⁵

⁵ A reference point is the share of initial residence permits for Belarusian citizens issued by EU countries apart from Poland, Estonia, Lithuania, and Latvia. The average share of other countries in initial resident permits in 2020–2022 was 4.13%. Source: https://ec.europa.eu/eurostat/databrowser/view/MIGR_RESFIRST__custom_7596052/default/table?lang=en

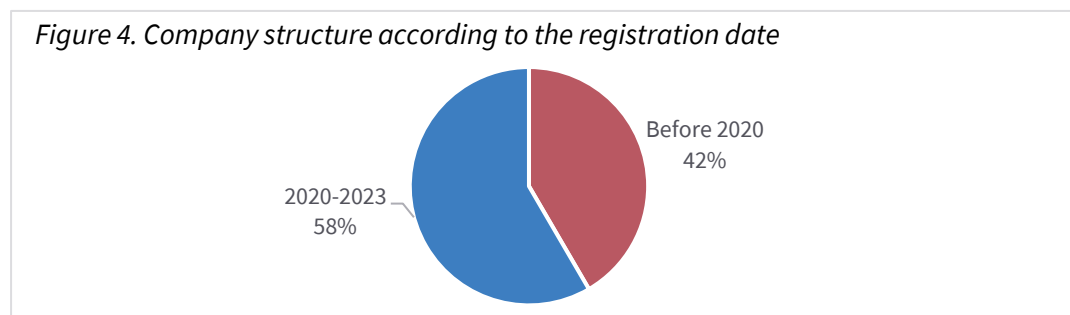
The number of new registrations in the four key countries was at a record high in 2022, with Poland remaining the key business destination for businesses (Figure 3). Data for the first half of 2023 are available for Poland only, and indicate that the overall number of new businesses will be close to that of 2022 (see Section 5 for more details for Poland).



Source: ABBA database

Businesses with Belarusian capital in the four analysed countries are mostly in retail and wholesale, transport, construction, IT, and other service sectors. The sectoral preferences of Belarusian enterprises in Poland shape the overall structure in the four key countries, but the top 3 sectors in each country are retail and wholesale trade, transport, and construction. However, Estonia has a higher share of IT companies with Belarusian capital in the total number of enterprises compared to the other analysed countries.

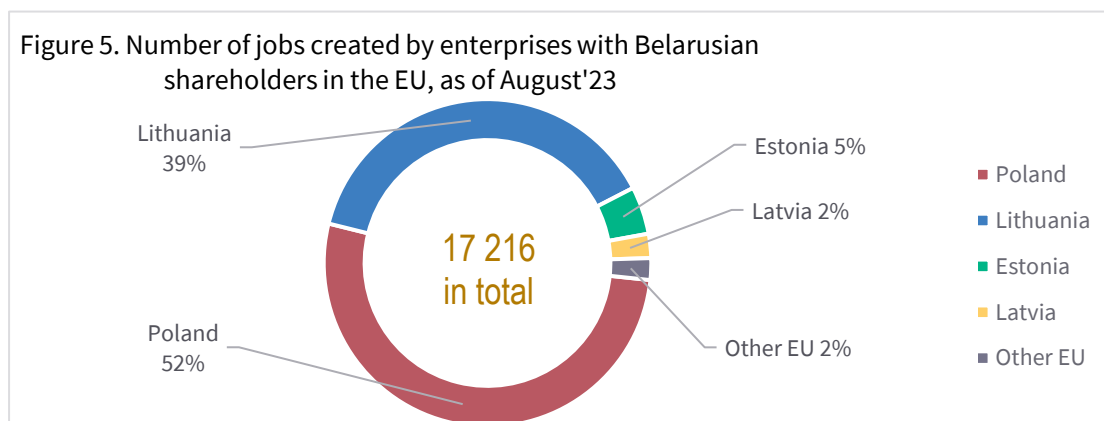
The Belarusian enterprises in the four analysed countries are predominantly micro and small firms with up to 50 employees. The majority of businesses (58%) were registered after 2020 (Figure 4). The survey of Belarusian companies in the EU in September–October 2023 indicates that 78% of all surveyed **enterprises** refer to their business as a business at an early stage of development: either the start of the company’s life cycle (42% of those surveyed), or the development stage (36%).



Source: ABBA database

Half of the enterprises relocated from Belarus, completely or partially, while another half are new businesses that started in the EU after migration. The survey of Belarusian firms in the EU in September-October 2023 shows that for 43% of the respondents the business was specifically relocated from Belarus, fully (26%) or partially (17%). The rest of the businesses surveyed started or are starting operations from scratch, which means that in Belarus the respondents had some other business, or this is their first experience of entrepreneurship. We infer that smaller firms are more often transferred fully because of the relocation cost. However, there are cases of large Belarusian companies leaving their parent market completely in order to avoid potential sanctions.

We estimate that enterprises with Belarusian shareholders in the EU have created at least 17,200 jobs (self-employment not included). This estimate embraces two types of investment by Belarusian businesses in the EU: i) jobs due to relocation of bigger firms via national investment promotion agencies in Poland in Lithuania (mostly, in the IT sector), and ii) new jobs created by micro and small enterprises with Belarusian capital (self-employment not included). The number of new jobs for bigger companies comes from official data on a pipeline of investment projects by Belarusian investors in 2020–2023 (available for Poland⁶ and Lithuania⁷). New jobs created by micro and small businesses were calculated for each country based on the available statistics.⁸ The results were compared to the average number of jobs created by micro and small enterprises in total in Poland, Estonia, Lithuania, and Latvia.⁹ The results of the estimations show that most of the employment was generated in Poland (52%), while businesses in Poland together with those in Lithuania account for 91% of all jobs created by enterprises with Belarusian shareholders.



Source: ABBA calculations

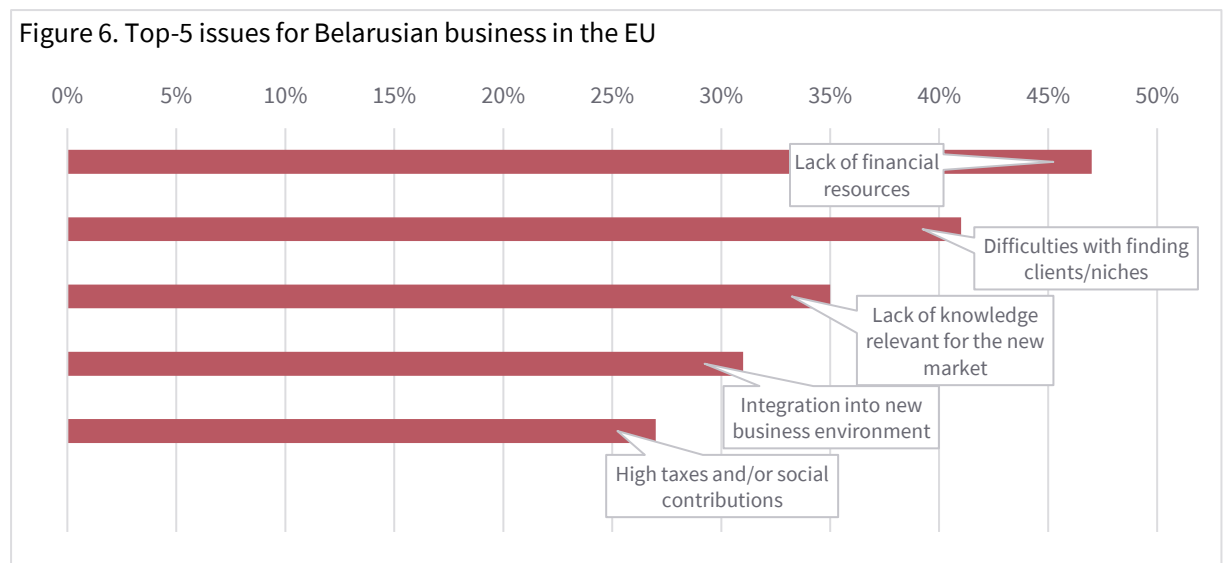
⁶ https://www.paih.gov.pl/20230117/kolejny_rekordowy_rok_dla_paih

⁷ Data taken from the presentation by Karolis Žemaitis, Vice-minister of Economy and Innovation of Lithuania presented at the Belarusian Business Forum in Vilnius on 26 April 2023. The data are consistent with the number of employees by big Belarusian IT companies in Lithuania: <https://news.zerkalo.io/economics/46503.html>

⁸ Available statistics on key economic indicators from open data portal Okredo (www.okredo.com; see Annex I for methodology) shows that the average number of jobs per businesses with Belarusian capital is 2.1 for Lithuania and 1.1 for Latvia. For Estonia and other EU countries we assume the same level as for Latvia, and for Poland the same level as for Lithuania.

⁹ In 2022 the average number of people employed by SMEs in Poland was 3.1 per enterprise, in Lithuania 3.3, in Latvia 4.4, in Estonia 4.3, and the EU average was 3.4 (Source: www.statista.com).

The most common problems faced by Belarusian entrepreneurs developing their businesses in the surveyed EU countries are lack of financial resources; difficulties in attracting clients / searching for niches; lack of knowledge and skills necessary for the new market; integration into the new business environment; and high taxes and/or social benefits (Figure 6). The survey of Belarusian entrepreneurs indicates that almost every second business (47%) experiences a lack of financial resources needed to develop their business; 41% struggle with access to clients and finding their niches; and one in three (35%) need more relevant knowledge for the new markets they are operating in. These findings are in line with the fact that access to finance is usually a significant growth constraint for small and medium enterprises.¹⁰ EU evidence, however, indicates that access to finance is not reported as a major concern by business in the euro area (around 25% of firms reported access to finance as a major concern for their business in 2023, down from around 40% in 2012¹¹).



Source: ABBA database

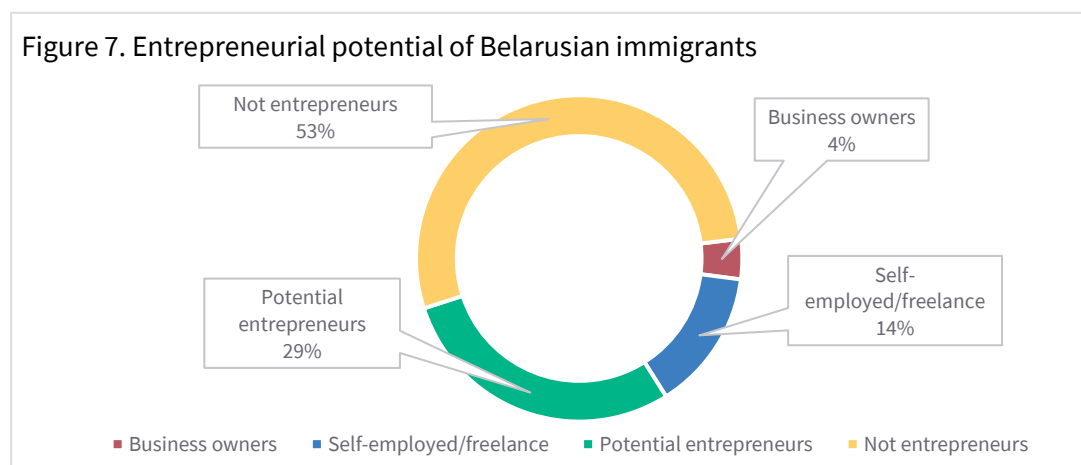
¹⁰ See, for instance, Beck, T. and Demirgüç-Kunt, A. (2006) Small and medium-size enterprises: access to finance as a growth constraint, *Journal of Banking & Finance*, 30

¹¹ European Central Bank (2023), Survey on the access to finance of enterprises in the euro area. April 2023 to September 2023.

SELF-EMPLOYED BELARUSIANS IN THE EU

We assume that Belarusian immigrants in the EU are relatively risk-tolerant, and this characteristic has a positive impact on their entrepreneurial potential. Both historical evidence and empirical research show that the entrepreneurial potential of immigrants is high, which makes them not only “job takers” but also “job creators”.¹² Migrants have a personality-based self-selection driver, in particular, a propensity for risk-taking that increases their tolerance of the risk of starting and running a business.¹³ In the case of Belarusian immigrants in the EU, they often left the country after risking participation in street protests or supporting the protests in various ways.¹⁴ We reckon that Belarusian immigrants in the EU, present or potential, tend to have relatively high risk tolerance, which corresponds with easier entrepreneurial decision making, i.e. easier decisions to start and run a business abroad in various legal forms.

According to the survey of the Belarusian diaspora in February 2023, 18% of immigrants can be treated as active entrepreneurs: 4% of surveyed adults are business owners employing staff, and 14% are self-employed or freelancers¹⁵ (Figure 7). However, 29% are potential entrepreneurs (planning to start a business in the next 3 years, including 9% already taking some steps), and 53% do not see themselves as entrepreneurs and have no intention of becoming such. This distribution turned out to be similar to the results of a survey conducted among the population of Belarus in 2021 as part of the Global Entrepreneurship Monitor (GEM).¹⁶ According to the latter, 19% of the population of Belarus aged 18-65 were classified as entrepreneurs (at different stages of entrepreneurial activity, including 5.5% – owners of an established business), and 30% – as potential entrepreneurs.¹⁷ The GEM results for the key host countries in 2023 are as follows: in Poland 11.4% of the adult population are classified as



Source: Survey of Belarusian immigrants, February'23

¹² See Jaeger et al. (2010), Direct evidence on risk attitudes and migration. The Review of Economics and Statistics, v.92

¹³ Vandor P. (2021), Why Immigrants Are More Likely to Become Entrepreneurs. Harvard Business Review, August, 2021

¹⁴ For instance, many businesses in Belarus supported national strike on October 26, 2020 and experienced economic pressure from the authorities in response to that strike

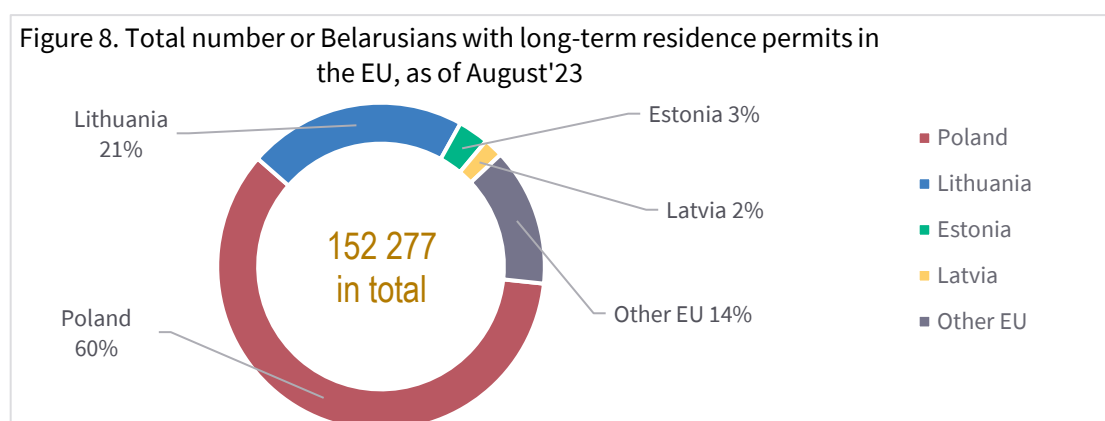
¹⁵ See https://www.abbabusiness.org/wp-content/uploads/2023/06/predpr%D0%B8n%D0%B8matelskaya_akt%D0%B8vnost_belarusov_v_em%D0%B8gracz%D0%B8%D0%B8.pdf

¹⁶ Our results cannot be compared directly with the GEM results due to methodological differences; GEM results are used as a benchmark of entrepreneurial engagement for Belarus in 2021 and for the key host countries in 2023.

¹⁷ GEM Belarus 2021-2022. Source: <https://beroc.org/upload/medialibrary/2da/2da746a1918dd7594056133e7faf2e08.pdf>

entrepreneurs (including 9.8% – owners of an established business); in Lithuania there are 21% of entrepreneurs (including 8.3% – owners of an established business); and in Latvia 26.5% of the adult population are classified as entrepreneurs (including 12.3% – owners of an established business).

The total number of Belarusians with residence permits in the EU is estimated to be at least 152,000. This number embraces all types of residence permit permitting employment in the host country, such as permanent residence permits, temporary residence permits, long-term EU residence permits, temporary protection, refugee status, and humanitarian stay (visas not included¹⁸). There were two big recent waves of immigration from Belarus: after the start of the political crisis in August 2020, and after the outbreak of war in Ukraine on 24 February 2022. Based on the statistics provided by national authorities,¹⁹ we can see that the key countries chosen by Belarusians as their main destination are Poland (60%) and Lithuania (21%). From May 2022, Latvia and Estonia limited Belarusians' access to their countries with visas, and almost stopped issuing first residence permits for Belarusian citizens.



Source: own calculations based on national statistics, correspondence with migration services, and Eurostat

Based on the migrant stock data and share of self-employed Belarusians from the survey results, the self-employment potential of Belarusians in the EU is estimated to be at least 21,300 business entities. This estimate is consistent with official data from Poland: between January 2022 and June 2023, Belarusians registered 11,716 sole proprietorships in Poland.²⁰

IT specialists constitute a significant share of the Belarusian self-employed, and their outflow from Belarus accelerated significantly after February 2022. According to official Polish data, of the sole proprietorships registered by Belarusians, 66% are engaged in IT activities.²¹ Estimates put the net loss in employment in the IT sector in Belarus in 2022 at 16,500 employees, while in both 2020 and 2021 there had been net gains in such employment.²² Poland

¹⁸ Visa stays are not included in the calculations due to the absence of reliable data, and the fact that a visa does not provide the opportunity to start self-employment (the only exception here is the Polish Business Harbour visa issued by Polish authorities, but normally after one year of having a PBH visa, the holder is obliged to apply for a temporary residence permit)

¹⁹ Data provided by national authorities of Lithuania, Latvia, and Estonia in response to email requests.

²⁰ Polish Economic Institute, Weekly Economic Review as of 7 September 2023. Source: https://pie.net.pl/wp-content/uploads/2023/09/Tygodnik-PIE_36-2023.pdf

²¹ Ibid.

²² <https://devby.io/news/uvolneniya-v-it-5-2022> and <https://news.zerkalo.io/economics/36639.html>

is the key destination of Belarusian IT specialists' relocation²³ due to the intentionally designed Poland Business Harbour (PBH) programme, aiming to attract IT specialists into the country. By the end of March 2023, 101,949 PBH visas had been issued for Belarusians.²⁴

Westward labour migration is not new to Belarusians, as previous research has shown. The 2021 CASE study argued that Belarusians preferred the EU labour market to Russia even before 2020, and the number of circular migrants from Belarus to EU and EFTA countries was up to 70,000 by the end of 2019.²⁵ Recent data show that 65% of Belarusians receive Polish residence permits for labour purposes.²⁶ A survey of individuals who crossed the Belarusian border conducted by the Belarusian Statistical Committee indicates that employment was a key reason for leaving the country (28.4% of total responses).²⁷

²³ <https://devby.io/news/relokeit-aitishniki>

²⁴ <https://www.gov.pl/attachment/08fd38b0-42f8-4203-807d-e1c08222e0ac>

²⁵ Kulesa A., Kaźmierkiewicz, P. (ed.) (2021) In Search of New Opportunities. Circular Migration Between Belarus and Poland, Slovakia and the Czech Republic – State of Play and Prospects for Cooperation. CASE Report, 2021.

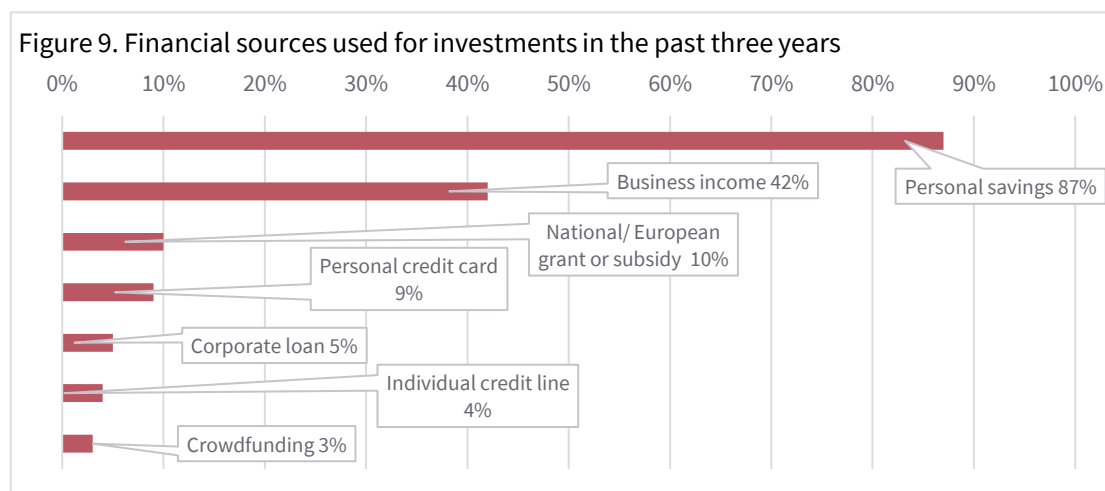
²⁶ <https://www.gov.pl/web/udsc/raport-dot-obywateli-bialorusi>

²⁷ https://www.belstat.gov.by/upload-belstat/upload-belstat-word/Oficial_statistika/vwboroch_obsled_fiz_liz-2022_05-2.docx

THEMATIC BLOCK: FINANCIAL CHALLENGES

According to the survey of Belarusian business in September – October 2023, the lack of financial resources is at the frontline of obstacles faced by entrepreneurs in the EU, and it deserves deeper analysis. The situation of Belarusian businesses in the EU is quite unique at the moment, compared to businesses registered by other immigrants, for five key reasons: credit history in the EU too short to apply for a loan;) restrictions related to financial assets²⁸ and the unavailability of bank transfers to/from Belarus due to financial sanctions imposed by the EU on Belarus;²⁹) uncertainty regarding the extension of one’s legal status in the EU due to some EU countries imposing restrictions on Belarusian nationals, and treating Belarusians in general as a security risk;³⁰) the toxicity of the Belarusian passport when carrying out formalities in EU countries and in banking operations; and finally) the inability to provide collateral for a loan because of a combination of the above factors. Altogether, this significantly complicates investment for potential entrepreneurs despite their will to register new businesses and invest in their development.

The vast majority of the surveyed Belarusian entrepreneurs in the EU use internal financial instruments to run their business; at the same time, 74% of the respondents claimed to need external resources, and believed that securing external financing in the EU would be difficult. Among those who indicated a need for external financing, 57% believed that obtaining it would be difficult or very difficult. The main sources of financing for the respondents’ investments are personal savings (87% of the respondents used such a source – Figure 9) and business revenue (indicated by 42% of the respondents). The predominance of internal financial sources used by the surveyed businesses with Belarusian shareholders corresponds with the



Source: Survey of Belarusian business in the EU, October'23

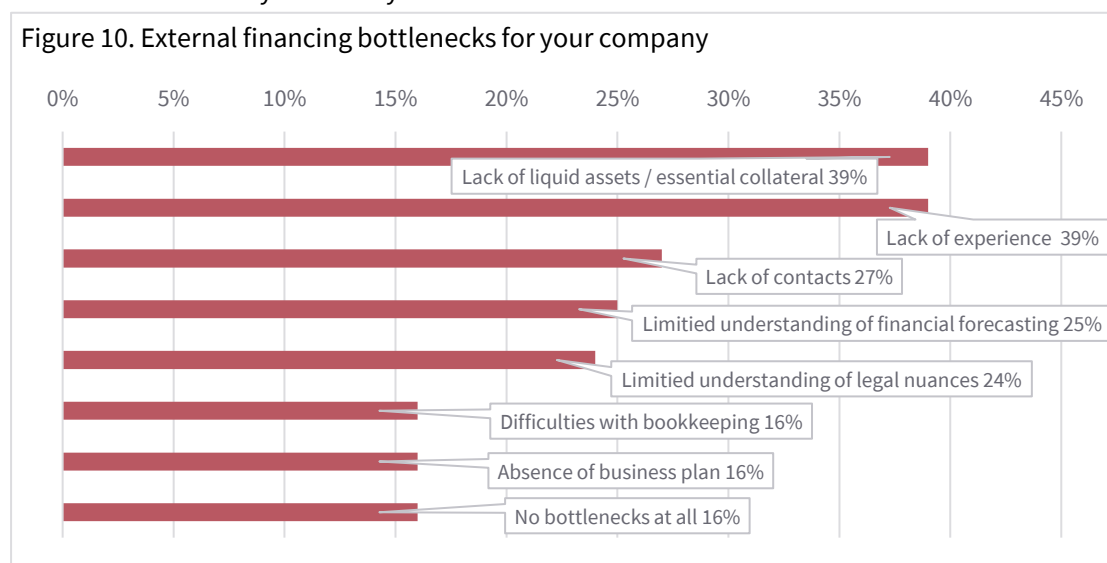
²⁸ In 2022 the EC prohibited the acceptance of deposits exceeding €100,000 from Belarusian nationals or residents, the holding of accounts of Belarusian clients by the EU central securities depositories, as well as the selling of euro-denominated securities to Belarusian clients. Source: https://ec.europa.eu/commission/presscorner/detail/en/ip_22_1649

²⁹ In response to Belarus' involvement in Russia's unprovoked and unjustified military invasion of Ukraine, the EU has adopted a variety of measures since 2022, including further financial restrictions: a SWIFT ban for five Belarusian banks; a prohibition on transactions with the Central Bank of Belarus; limits on financial inflows from Belarus to the EU; a prohibition on the provision of euro-denominated banknotes to Belarus. The full list of restrictions is available here: <https://www.consilium.europa.eu/en/policies/sanctions/restrictive-measures-against-belarus/>

³⁰ Recent changes in the legislation of Estonia, Latvia, and Lithuania tend to set harder constraints for holders of Belarusian passports to get a visa or residence permit, to buy property, or even to drive a car with Belarusian plates.

financing patterns typical of small and micro enterprises in EU countries.³¹ However, the size of the cluster relying solely on internal financing and not using any external financing instruments is significantly bigger in the case of Belarusian businesses (79% of all respondents) than in the EU in general (40%³²). Interestingly, the survey results indicate that a national or European grant or subsidy as a source of investment was used by one in ten respondents, which was more often than corporate and individual lines of credit.

Lack of liquid assets / essential collateral and lack of experience are the main issues making it difficult to obtain financing in the surveyed EU countries mentioned by Belarusian entrepreneurs. Looking at the list of bottlenecks for external financing in the EU (Figure 10), one can conclude that better access to guarantee instruments and knowledge sharing are the priorities for facilitating Belarusian business's access to financing in the EU. Some 16% of the businesses covered by the survey indicated that there were no bottlenecks.

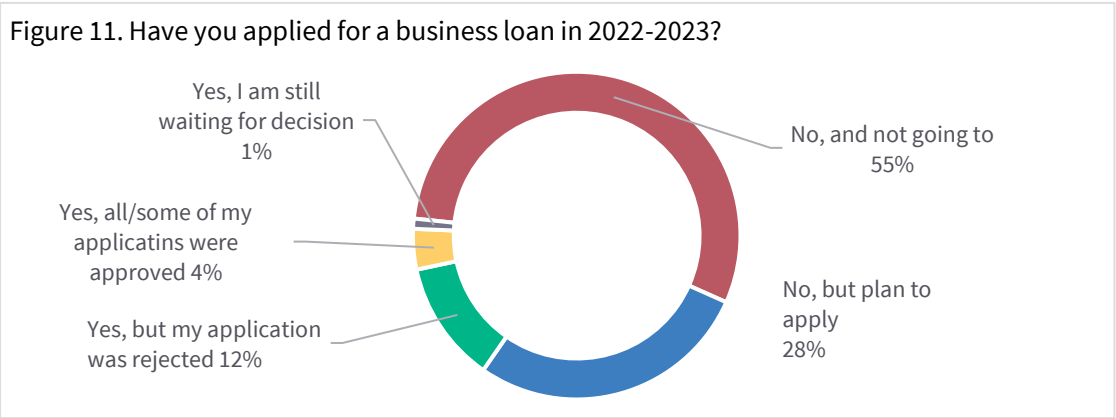


Source: Survey of Belarusian business in the EU, October'23

³¹ We refer to the fact that in EU countries the majority of SMEs rely on internal financing. For instance, in Lithuania in 2020, 66% of all enterprises stated that they were using internal resources as their main source of funding (<https://www.oecd-ilibrary.org/sites/5eadff94-en/index.html?itemId=/content/component/5eadff94-en>). In Poland in 2020 69% of SMEs' investment came from internal sources (PARP. Raport o stanie sektora małych i średnich przedsiębiorstw w Polsce. 2023)

³² Masiak C, Moritz A, Lang F. (2017) Financing patterns of European SMEs revised: an updated empirical taxonomy and Source: Survey of Belarusian business in the EU, October'23 determinants of SME financing clusters. EIF Research & Market Analysis. Working Paper 2017/40.

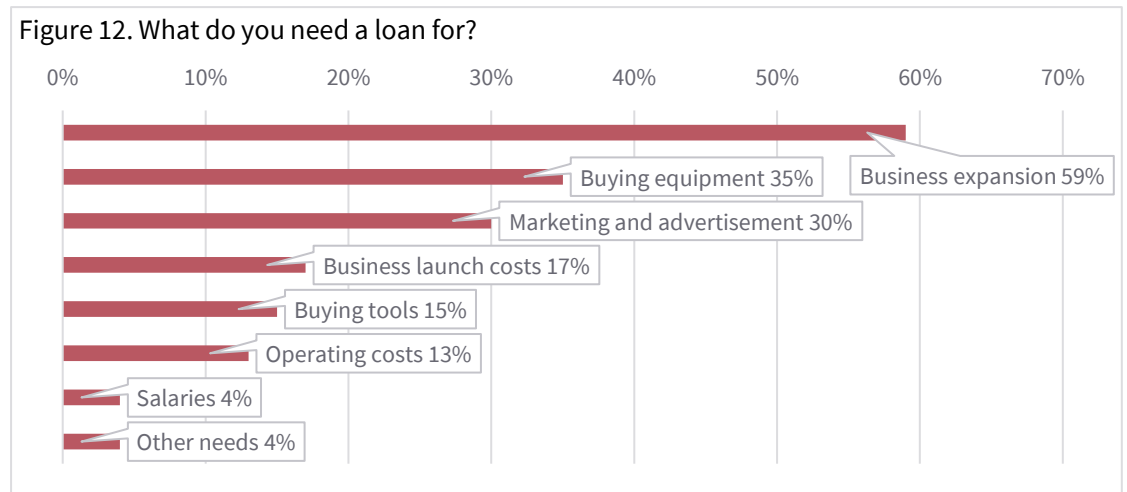
As a result of the above-mentioned restrictions observed by entrepreneurs from Belarus in the surveyed EU countries, only 17% of the respondents applied to banks for loans in 2022-2023, while 28% plan to apply, and 55% are not going to apply (Figure 11). The success rate among those who have already applied for a business loan is 24%, while 71% were rejected. These results are close to the findings of another survey of financial needs among Belarusian companies in the EU, conducted by ABBA in December 2022 – January 2023.³³ According to the poll, 18% had previously applied for a bank line of credit, and the success rate was 35% of those who applied. However, neither of these surveys is representative, and they cannot be used as an evidence of success dynamics or for comparison.



Source: Survey of Belarusian business in the EU, October'23

In terms of loan usage, the majority of those who applied for and who are going to apply for a business loan indicate the need of expanding their business (59%, Figure 12). Among the other key needs, the businesses indicated the purchase of equipment and marketing needs.

Source: Survey of Belarusian business in the EU, October'23



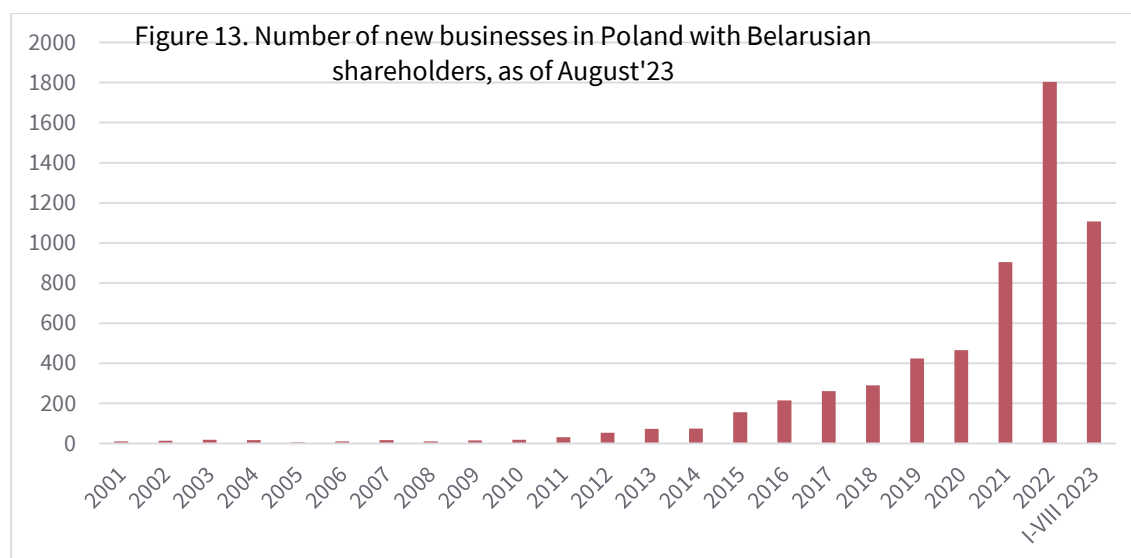
For the majority of respondents (58%), the amount of external financing required does not exceed 50,000 euros. We asked Belarusian businesses in the EU about their preferences when taking out a loan. Respondents who had applied for a loan in the past or who plan to apply in the near future indicated that the optimal repayment period for them would be 2-3 years or 3-5

³³ See Annex I for more details on the survey.

years (29% in each case, or 58% together). The maximum acceptable cost of the loan in euros was estimated by the respondents at an interest rate of between 2% and 10%. The average (arithmetic and median) acceptable cost of the loan in euros is 5%. These results illustrate a typical need of micro and small enterprises at the earlier stages of their lives.

COUNTRY PROFILE: POLAND

Poland is the key destination for Belarusian business in the EU. As of September 2023 there were 5988³⁴ firms in Poland with at least one shareholder being a Belarusian company or person with Belarusian citizenship (self-employment not included). 64% (3814) of all firms with Belarusian shareholders in the country were registered in 2021–2023³⁵ (Figure 13). The key reason for choosing Poland as the destination country seems to be the relatively low cost of visa and residence access for business owners and employees.³⁶ The sector distribution of Belarusian companies in Poland indicates that most of them are in services, and confirms that they are mostly SMEs (Figure 14). 98% of businesses are registered as limited liability companies, and only 2% choose other legal forms.



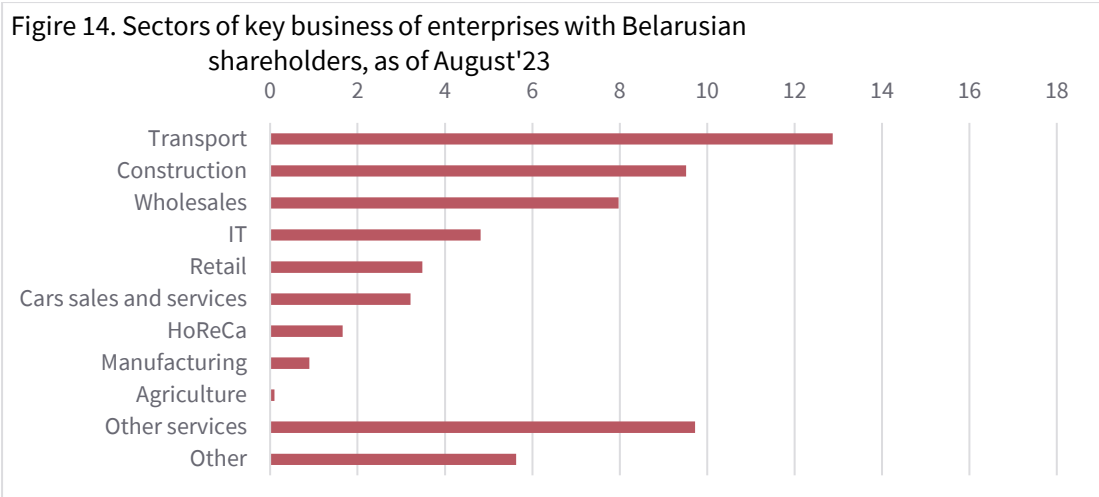
Source: Centralny Ośrodek Informacji Gospodarczej

³⁴ Data for firms, without self-employment, taken from The Center of Economic Information:

https://www.coig.com.pl/wykaz_lista_firm-z-bialoruskim-kapitalem_w_polsce.php

³⁵ Ibid.

³⁶ According to national statistics, in 2020-2022 Poland issued almost 7 times more visas to Belarusian citizens than Lithuania, Latvia, and Estonia together. According to Eurostat in the same period Poland issued 14 times more the first residence permits for Belarusians than Lithuania, Latvia, and Estonia together (Source: https://ec.europa.eu/eurostat/databrowser/view/MIGR_RESFIRST__custom_7596052/default/table?lang=en)



Source: *Centralny Ośrodek Informacji Gospodarczej*

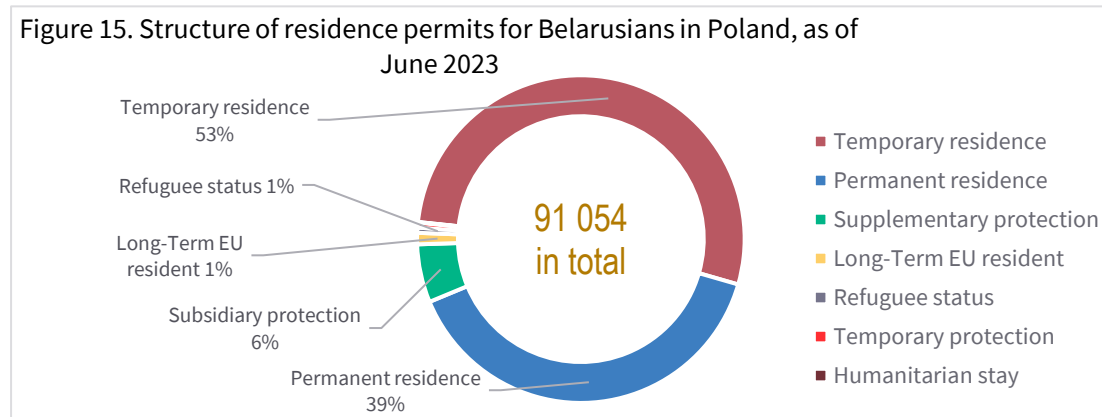
According to the Polish Agency for Investment and Trade (PAIH), Belarusian investors are planning another 33 projects in Poland worth EUR 47.99 million, and are expected to create 9433 jobs in Poland.³⁷

According to the Polish Economic Institute, from January 2022 to the end of June 2023, 11,716 sole proprietorships were created in Poland by citizens of Belarus.³⁸ Almost 1 in 4 foreign sole proprietorships registered in Poland between January 2022 and June 2023 was owned by a Belarusian citizen. The rate of growth in the registering of new sole proprietorships remains high in 2023, reaching an average of 740 per month, which is 58% higher than in the same period in 2022.

³⁷<https://www.money.pl/gospodarka/bialoruskie-firmy-uciekaja-do-polski-przed-rezimem-lukaszenki-6908807074675328a.html>

³⁸<https://www.money.pl/gospodarka/przybywa-bialoruskich-firm-w-polsce-efekt-grozby-zamkniecia-granic-6938975461194336a.html>

To set up a sole proprietorship or any commercial company, partnership or general partnership in Poland, a Belarusian citizen must have a residence permit that authorizes them to do so.³⁹ As of June 2023, the total number of residence permits for Belarusians in Poland was above 91,000;⁴⁰ the number had more than tripled since August 2020 (Figure 15; in August 2020 there were 28,000).



Source: Polish MFA

However, the total number of Belarusians living in Poland is difficult to estimate, as many Belarusians come to Poland on visas, at least for a short period of time. According to the data from the Ministry of Foreign Affairs of Poland, as of October 2023 a total of 586,171 visas (national and Schengen) had been issued to Belarusian citizens over the preceding 30 months (of these, 91% were national visas).⁴¹

The number of Belarusians employed in the Polish economy has doubled since the end of 2021. By the end of June 2023, there were 110,294 people from Belarus registered in the social insurance fund (ZUS),⁴² almost twice as many as at the end of 2021 (67,700 Belarusians⁴³). The proportion of all Belarusians in Poland with a higher education diploma is estimated to be 73%.⁴⁴

³⁹ The full list of all types of residence permits that allow for business activities can be found here: <https://www.biznes.gov.pl/pl/porta/00806#4>

⁴⁰ Excel table from the Department of Migration Analysis and Statistics, Office for foreigners, Poland.

⁴¹ <https://www.gov.pl/web/dyplomacja/oswiadczenie-msz-w-sprawie-nieprawdziwych-informacji-dotyczacych-procesu-wizowego>

⁴² <https://forsal.pl/praca/artykuly/9300421,dekret-ws-zatrzymania-emigracji-z-bialorusi-moze-dramatycznie-wplyna.html>

⁴³ <https://forsal.pl/praca/aktualnosci/artykuly/8329470,zus-liczba-bialorusinow-systematycznie-placacych-skladki-rosnie.html>

⁴⁴ <https://library.fes.de/pdf-files/bueros/belarus/19509.pdf>

ANNEX I. DATA AND METHODOLOGY

The report is based on statistical data analysis and the results of quantitative surveys of Belarusians and Belarusian businesses in the EU conducted in 2023.

The statistical data for sections two, three, and five come from five sources: i) open official data from national authorities' and governmental institutions' websites; ii) data requested from national authorities via email, and data from the presentation of the Vice Minister of Economy of Lithuania at the Belarusian Business Forum in Vilnius on 26 April 2023; iii) data from public sources of information (research institutions, open data platforms, media); iv) Eurostat data on first residence permits for Belarusian citizens granted by EU countries; and v) data on key economic indicators of firms with Belarusian shareholders in Poland (obtained from the Centralny Ośrodek Informacji Gospodarczej⁴⁵), Lithuania, Latvia, and Estonia (for all three countries, data were obtained via the open data platform Okredo⁴⁶).

The report utilizes the results of three surveys conducted between December 2022 and October 2023. The analysis of businesses' needs and financial challenges in sections two and five is based on the results of the survey of businesses with Belarusian capital in the EU conducted in September-October 2023 by ABBA – Association of Belarusian Business Abroad, CASE – Center for Social and Economic Research, and the Center for New Ideas (CNI).⁴⁷ From 27 September to 17 October 2023, 102 Belarusian owners of business in the EU were surveyed and a focus group was conducted with 5 owners. The sample profile was as follows: 69% of the respondents were from Poland, 20% from Lithuania, and 11% from other EU countries, representing 15 different sectors of the EU economy. The share of micro enterprises in the survey was 89% (up to 9 people employed), 8% were small businesses (11–49 employees), while 3% of the businesses surveyed belonged to the cluster of medium-sized enterprises (employing 50–249 people).⁴⁸ Male respondents made up 71% of the owners surveyed, 68% of all respondents had a higher education diploma. The survey was the first round of the quarterly monitoring of Belarusian business in the EU in 2023–2024, financially supported by the EU.

The analysis of entrepreneurial potential in section three of the report is based on the results of the survey of the Belarusian diaspora in Poland, Lithuania, Georgia, and Germany. The survey was conducted by ABBA - Association of Belarusian Business Abroad and the Center for New Ideas (CNI) with the support of the INNOVATE program of the United States Agency for International Development (USAID).⁴⁹ The survey period was 19–26 February 2023. In total 604 people were surveyed; 76% had left Belarus in 2020 or later; 59% were men; average age was 36; 87% held higher or postgraduate education; 46% lived in Poland, 10% – in Lithuania, 8% – in Georgia, and 7% – in Germany.

⁴⁵ www.coig.com.pl

⁴⁶ www.okredo.com

⁴⁷ www.newbelarus.vision

⁴⁸ This was close to the SME distribution in the EU in general: 98.9% of the EU firms are small and medium enterprises, 0.9% are medium-sized enterprises, 0.2% are large enterprises. Source: <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/edn-20220627-1>

⁴⁹ See more at https://www.abbabusiness.org/wp-content/uploads/2023/06/predpr%D0%B8n%D0%B8matelskaya_akt%D0%B8vost_belarusov_v_em%D0%B8gracz%D0%B8%D0%B8.pdf

To estimate the financing gap for Belarusian firms in the EU, ABBA - Association of Belarusian Business Abroad conducted a survey in December 2022 – January 2023 addressed to companies with Belarusian owners registered in Poland, Lithuania, and Germany. The responses were controlled for diversity in terms of country and region of registration, annual turnover, number of employees, and sector of operations. In total, 77 responses have been accumulated and analysed, 61 (79%) of them were from Poland. The self-employed were included in the analysis.

Three methodological notes must be made here. First, we define an EU business with Belarusian shareholder or Belarusian capital as a EU-based enterprise⁵⁰ with at least one shareholder being a citizen of Belarus or a businesses registered in Belarus.

Secondly, we realize that the number of businesses with Belarusian capital in the EU may be higher than that calculated in the report, because our calculations do not include:

- businesses with minority shareholders being Belarusian, a citizen of Belarus, or a businesses registered in Belarus;
- businesses with indirect Belarusian beneficiaries (for example, if a shareholder of an EU enterprise is a Cyprus business owned by a Belarusian citizen or company registered in Belarus);
- businesses registered by shareholders with double citizenship, one of which is Belarusian.

We therefore use the wording “at least” to show the number of Belarusian companies in the EU and jobs created by them as those that we can be sure of.

Thirdly, when estimating the number of businesses with Belarusian capital in the EU and the number of jobs created by them (section two), we made the assumption that the share a country has in the total number of Belarusian businesses in the EU is equal to that country’s share in the total number of Belarusian immigrants in the EU. We use Eurostat’s data for first resident permits in the EU for 2020–2022 as a proxy of the total number of Belarusian immigrants in EU countries, and use this proxy to estimate the share of “Other EU countries” (countries other than Poland, Estonia, Lithuania, and Latvia) in the total number of businesses with Belarusian capital in the EU.⁵¹

⁵⁰ See the Eurostat’s definition of enterprise here: <https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Enterprise>

⁵¹ The share of countries other than Poland, Estonia, Lithuania, and Latvia in initial resident permits in 2020-2022 was 4.13%. Source: https://ec.europa.eu/eurostat/databrowser/view/MIGR_RESFIRST__custom_7596052/default/table?lang=en