

# Belarus with ongoing changes: what managers need to know

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# Agenda

- Interesting facts about Belarus
- 2 months after the 2020 elections
- Most essential points for managers to consider
- Q&A



# Interesting facts about Belarus

- **13<sup>th</sup>** country in terms of area and **10<sup>th</sup>** in terms of population in Europe
- Birthplace of **4** Nobel laureates
- Birthplace of "**3 ½**" Israeli presidents
- Home of the world's largest cars
- Euro banknotes are made from Belarusian flax
- IKEA furniture is made in Belarus, but there are no IKEA stores



# Emerging market: facts & advantages

## “In the heart of Eastern Europe...”

- Western approach to business, well educated workforce
- Competitive investment conditions compared to neighboring CIS countries
- Direct access to the markets of Russia, Ukraine, Kazakhstan, and other CIS countries (**282 mn** consumers)
- Fully renovated technical & logistic infrastructure
- High Tech Park: BY silicon valley with **886** residents and export income **USD 2,2 bn.**
- No sanctions, **ranked 49<sup>th</sup>** in Ease of Doing Business

# 2 months after election 2020 (1/3)

## Public response:

- Buying foreign currency
- Withdrawing deposits
- Loss of up 6% of individual deposits by country's largest banks (Fitch)



## 2 months after election 2020 (2/3)

### IT

- USD 141 mln loss from Internet shutdown
- Started thinking of relocation
- Neighbor-countries lined up for an appointment

### Banking

- National Gold Reserves  
↓ USD 1.4 billion (15.8%)
- Abandonment of bilateral transactions and transition to credit auctions
- Termination of credit lines
- Restrictions in access to foreign currency



# 2 months after election 2020 (3/3)

## Government

- Daily arrests and dismissals of disloyal
- Zero dialog with Europe, tightening of the border regime
- State credit from Moscow of \$1.5 bln
- Joint military exercises with Russia
- Propaganda support in media from Moscow
- Russian state-owned banks continue interbank transactions with Belarusian banks



# Forecast for the coming years

## BELARUS ECONOMIC UPDATE • SPRING 2020



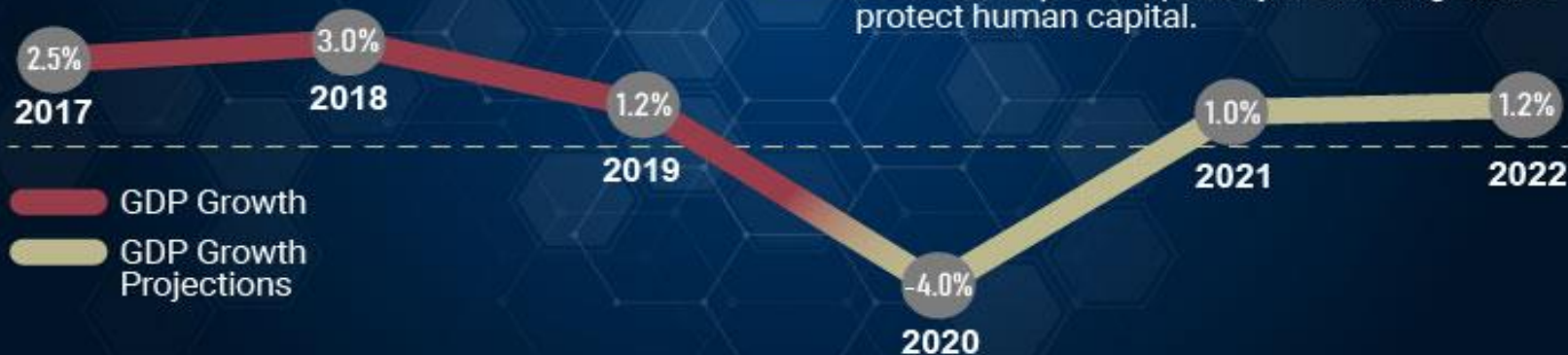
Belarus' economy is being hit by the COVID-19 pandemic, ongoing contraction in its main trading partners, and the oil-price shock.



The impact of the pandemic shock is expected to be temporary but severe, with the economy projected to contract at the sharpest pace in nearly 25 years.



A robust, early response is needed for faster recovery. Strengthened safety nets will be essential to prevent poverty from rising and to protect human capital.





# Main points for managers to consider

- More attention to detail, even for routine operations
- Risk assessment for each new transaction / arrangement with a business partner
- More often legal & tax advice
- Outsourcing of GD & CFO functions
- Careful communication with officials, even on formal occasions
- Detailed planning of working capital flow in both short and long-term perspectives
- Unexpected audit from authorities possible
- No fundraising from 3<sup>rd</sup> parties



# I Believe In Belarus!



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**“Never Let A Good  
Crisis Go To Waste.”**

Winston Churchill

