
Belarusian Business in Poland and Lithuania: Trends of 2024

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Abstract

This policy paper examines the trends and geographical distribution of Belarusian entrepreneurial activity in Poland and Lithuania in 2024. By analyzing data on the number of businesses registered by Belarusian citizens in these countries, we aim to shed light on the economic impact of Belarusian emigration on the recipient economies. The analysis will also explore the challenges and opportunities faced by Belarusian businesses operating abroad, including access to funding, market integration, and policy environments. The research findings will provide valuable insights for policymakers, business leaders, and researchers interested in understanding the economic and social implications of Belarusian business migration.

JEL codes: F22, F23, J61

Keywords: Belarusian business, diaspora, business migration,

Introduction

The emigration of Belarusian entrepreneurs and the relocation and re-establishment of their businesses in new countries have become increasingly prominent phenomena in recent years (Красько & Данейко, 2022; Naurodski, 2022; ZPP, 2023). While this trend was evident before 2020, it has intensified significantly following the political events of that year and the subsequent crackdown on dissent. Driven by a confluence of factors including political instability, economic uncertainty, and a deteriorating business environment within Belarus, many entrepreneurs have sought more favorable conditions abroad. This exodus has been particularly pronounced within sectors such as IT, where skilled professionals have actively sought opportunities in countries with more supportive regulatory frameworks and greater economic freedom. However, most businesses with

Belarusian roots operate in less shining sectors such as trade, construction, transportation and logistics.

While the IT sector has witnessed a significant exodus of skilled professionals, start-ups, and mature companies seeking opportunities in countries with more supportive regulatory frameworks and greater economic freedom (Alachnovič, 2023), it is crucial to note that the vast majority of Belarusian-owned businesses in host countries such as Poland and Lithuania operate in sectors such as trade, construction, and transportation and logistics.

This study aims to update figures of Belarusian-owned businesses in Lithuania and Poland, providing insights into the scale and scope of this migration phenomenon. By analyzing data on the number of businesses registered by Belarusian citizens in these two countries, we aim to understand the trends, patterns, and geographical distribution of Belarusian entrepreneurial activity abroad. The findings of this research will contribute to a better understanding of the impact of Belarusian emigration on both the Belarusian economy and the economies of the host countries.

Belarusian migration trends

The phenomenon of a mass exodus of companies is inextricably linked to a broader wave of Belarusian emigration, blurring the lines between political and economic migration. The risks associated with operating within the current Belarusian political climate are substantial, prompting many individuals and businesses to seek refuge abroad even without facing direct persecution. The complexities and potential limitations associated with applying for asylum or refugee status have led many to pursue alternative avenues of emigration, such as obtaining regular visas or residence permits. Over the past four years, over 300,000 Belarusians have emigrated from the country (Luzgina & Koreivo, 2023; Kazakevich, 2023).

Poland has emerged as the primary destination for Belarusian migrants, having issued 255,600 first residence permits, followed by Lithuania with 16,000 and Latvia with a comparatively small number of 568 (Eurostat, 2024). Poland hosts the largest flow and a significant Belarusian diaspora. While Poland offers various pathways to residence, including standard permits and special humanitarian visas, it has also actively utilized international protection mechanisms for Belarusian citizens. However, recent policy shifts have witnessed a tightening of restrictions. The cancellation of the Polish Business Harbour program, along with increased scrutiny and stricter eligibility criteria for student visas and international defense programs,

has created significant hurdles for Belarusian entrepreneurs and professionals seeking to establish themselves in Poland.

Lithuania, despite its smaller population, has the highest proportion of Belarusians among its residents, exceeding 2%. While Lithuania continues to issue residence permits, including EU Blue Cards, to qualified individuals, the application process has become considerably more stringent. Concerns related to "national security" have led to a significant reduction in the number of residence permits granted, reflecting a hardening of immigration policies towards Belarusian citizens. Furthermore, Lithuania has suspended the issuance of short-term and national visas to Belarusians.

The Growing Presence of Belarusian Workers in Poland

The significant influx of Belarusian workers into Poland has profound implications for the business landscape in both countries. By June 2024, 134,000 Belarusians were registered with the Social Insurance Administration (ZUS) (Fig. 1), marking a substantial increase from the previous year (Польский консультант, 2024). This rapid growth underscores the increasing integration of Belarusian labor into the Polish economy. Belarusians now constitute the second-largest group of foreign workers registered with ZUS, comprising 11.6% of the total, up from 10.2% in 2023. While Ukrainians remain the dominant foreign workforce in Poland, their share has slightly decreased from 70.2% in 2023 to 66.5% in 2024.

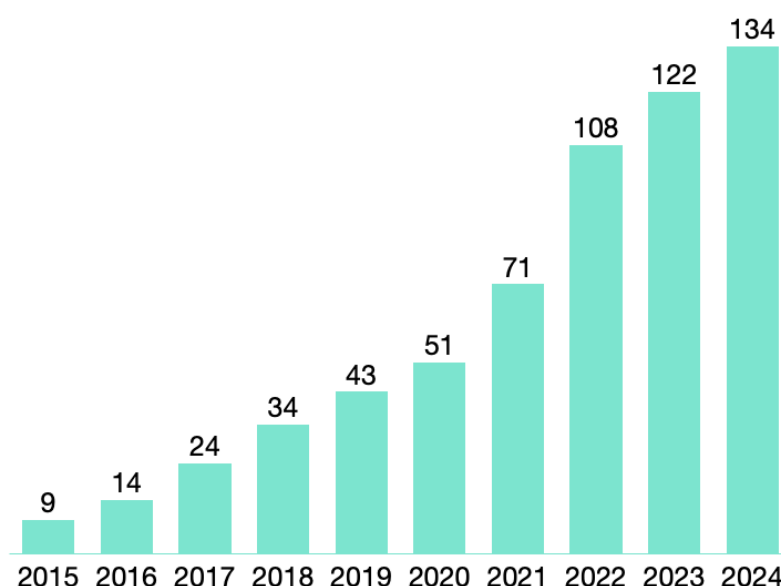


Fig. 1. Number of Belarusian citizens insured in Poland, thousands

The Rise of Belarusian Businesses in Poland

The Polish business landscape is witnessing a significant influx of Belarusian entrepreneurs. As of September 2024, a remarkable 7,169 companies with Belarusian capital were operating within Poland (Fig.2), representing a substantial 20% increase compared to the previous year. This surge in Belarusian business activity underscores the profound impact of the ongoing political and economic crisis in Belarus.

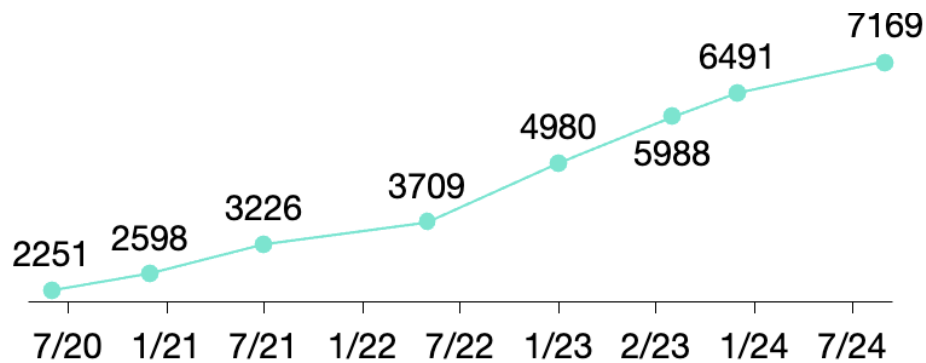


Fig. 2. Companies with Belarusian capital in Poland

The influx of new companies with Belarusian capital is relatively high compared to other foreign investors in the Polish economy, where Germany ranks first, Ukraine is second, and Belarusian firms come in third. The growth of Belarusian businesses in Poland has been significant in recent years. The number of active companies registered in 2021 witnessed a twofold increase compared to 2020 (Fig.3), followed by another doubling in 2022. While the rate of new company registrations slowed down in 2023, likely due to a saturation effect as many businesses that could relocate had already done so, the overall number of Belarusian companies continued to grow substantially. Notably, the growth in the number of Belarusian companies operating in Poland significantly outpaces the growth in the number of Belarusians registered with ZUS, indicating a dynamic shift towards entrepreneurial activity.

It is crucial to acknowledge the limitations of available data on Belarusian businesses in Poland. The official figures may be inflated due to the inclusion of inactive legal entities. While the precise number of inactive companies is difficult to ascertain, estimates suggest that they may account for at least 20% of the total. Conversely, the data may also underestimate the true number of Belarusian-owned businesses, as some Belarusian entrepreneurs may have acquired Polish citizenship, rendering their companies indistinguishable from domestically owned entities.

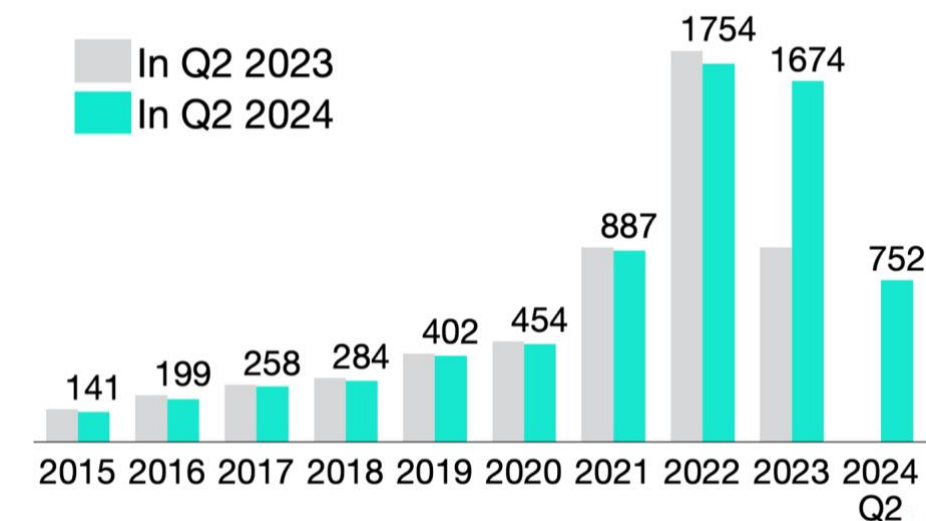


Fig.3. Companies with Belarusian capital by year of registration

Sectoral Distribution and Regional Concentration of Belarusian Businesses in Poland

A significant portion of Belarusian businesses in Poland are concentrated in specific sectors, with trade, logistics, and construction constituting almost two-thirds of the total (Fig.4).

- **Trade and Logistics:** These two sectors dominate, accounting for nearly half of all Belarusian companies operating in Poland. However, the rapid growth of the logistics sector witnessed in 2022 was abruptly halted by increased scrutiny from Polish authorities and the imposition of new EU sanctions on imports to Belarus. While a complete ban on Belarusian logistics was averted, the sector continues to face significant challenges.
- **Construction:** The construction sector is another significant player, with a notable concentration in cities like Wroclaw and Gdansk.
- **IT Sector:** Despite its prominence in Belarus, the IT sector constitutes only 9% of Belarusian companies in Poland. This relatively low share can be attributed to the swift relocation of many IT companies in response to the political and economic situation in Belarus. While the global decline in demand has presented challenges, the outcome of the recent US elections has injected a degree of optimism into the IT market. Even though this sector may not have the largest number of companies, it leads in employment figures.
- **Individual Entrepreneurs:** In mid-2023, over 11,700 Belarusian individuals were registered as entrepreneurs in Poland, representing a substantial portion of all foreign entrepreneurs. Notably, two-thirds of these entrepreneurs are involved in the IT sector, with many likely utilizing self-employment as a means of optimizing their tax obligations.

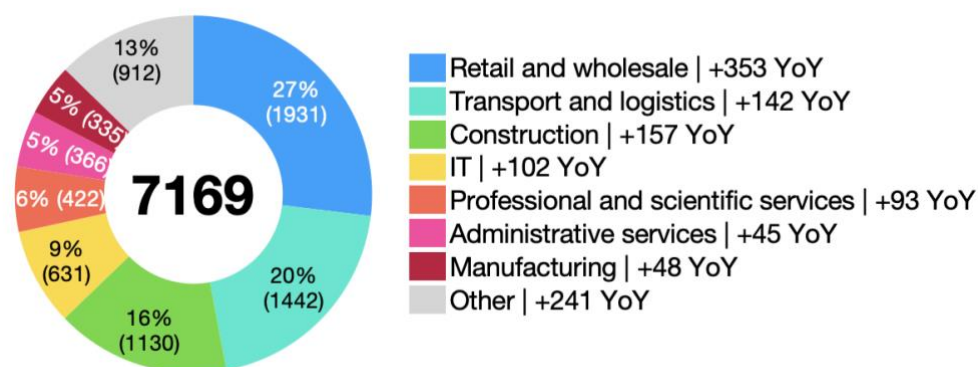


Fig. 4. Companies with Belarusian capital in Poland by sector, 08.2024

Regional Distribution

The geographic distribution of Belarusian businesses in Poland exhibits distinct patterns. Warsaw and the surrounding Masovian region serve as the primary hub for Belarusian businesses, hosting 57% of all companies (Fig.5). The regions bordering Belarus, such as Podlaskie and Lublin, account for 18% of Belarusian businesses, reflecting strong economic ties and geographical proximity. Other significant centers for Belarusian business activity include Wroclaw, Poznan, Krakow, and Gdansk.

Industry-specific regional preferences can be observed among businesses with Belarusian capital. Thus, companies engaged in trade activities tend to concentrate in Warsaw and Bialystok. The Biała Podlaska and Białystok regions are particularly attractive for logistics companies, whereas Wroclaw and Gdansk are prominent hubs for Belarusian construction companies. Krakow has emerged as a significant center for the Belarusian IT sector.

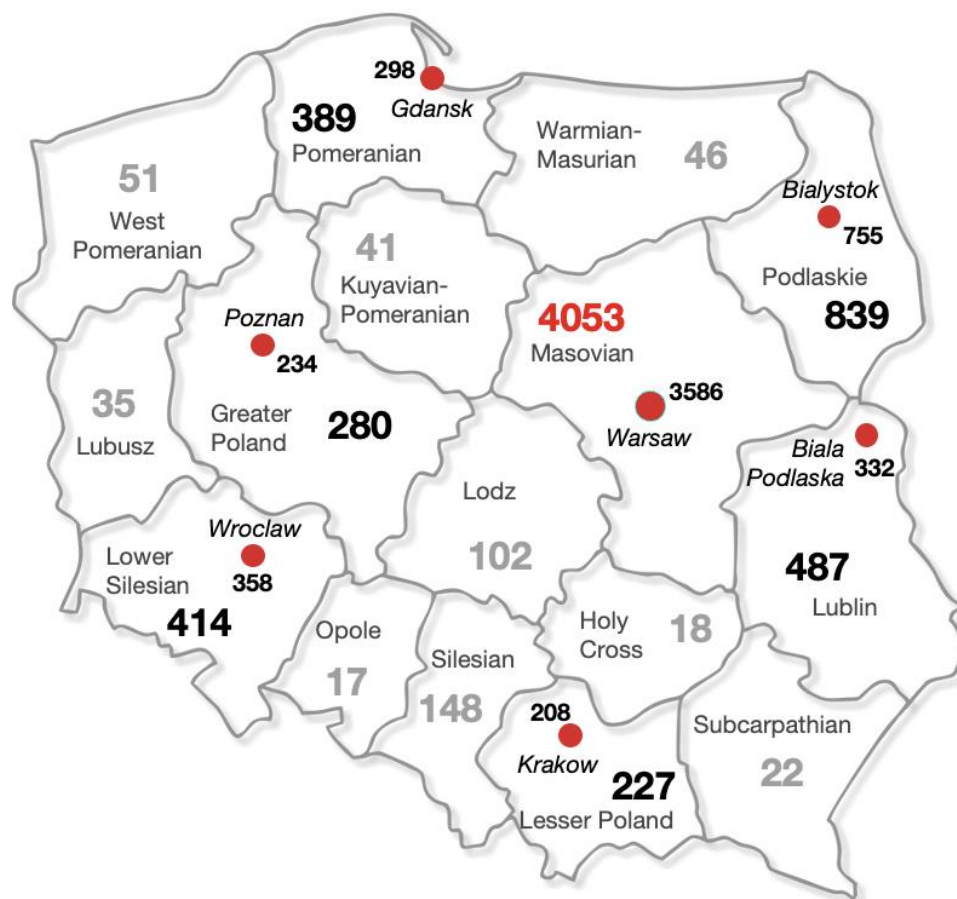


Fig. 5. Regional distribution of companies with Belarusian capital in Poland

The Evolving Landscape of Belarusian Business in Lithuania

Prior to 2020, Lithuania served as a significant destination for Belarusian tourists and businesses. However, the political events of 2020 transformed Vilnius into a hub for Belarusian democratic forces, attracting numerous Belarusian IT companies and their employees. This influx contributed to a substantial increase in the Belarusian population in Lithuania, estimated to be above 60,000 individuals.

The economic impact of this migration is evident in the employment figures. As of March 2024, 47,700 Belarusians were employed in Lithuania, representing a significant 1.6-fold increase compared to the previous year. This influx of skilled labor has undoubtedly contributed to the Lithuanian economy. However, the number of registered Belarusian companies in Lithuania has experienced a sharp decline, falling from 850 in 2023 to 564 in the present (Fig.5). This decline can be attributed to a variety of factors, including:

- **Shifting Policy Environment:** The tightening of immigration policies in Lithuania, coupled with increased scrutiny of Belarusian citizens, may have discouraged new business registrations.
- **Economic Challenges:** The global economic slowdown and the impact of the war in Ukraine may have presented challenges for businesses operating in Lithuania.
- **Relocation to Other Countries:** Some Belarusian businesses may have relocated to other countries with more favorable business climates, such as Poland.

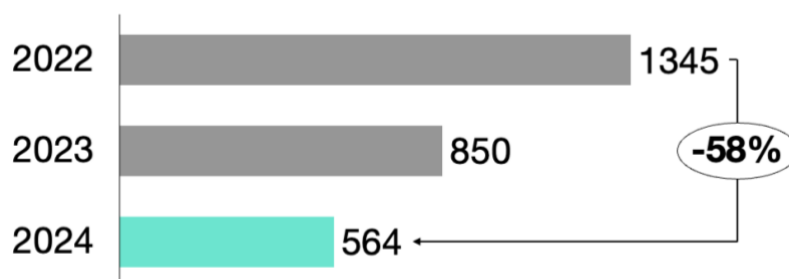


Fig. 5. Companies with Belarusian capital in Lithuania

Sectoral Distribution and Regional Concentration of Businesses in Lithuania

Distribution of businesses with Belarusian capital across sectors (Fig.6) resembles one in Poland with the dominance of trade, logistics, and construction (63% altogether).

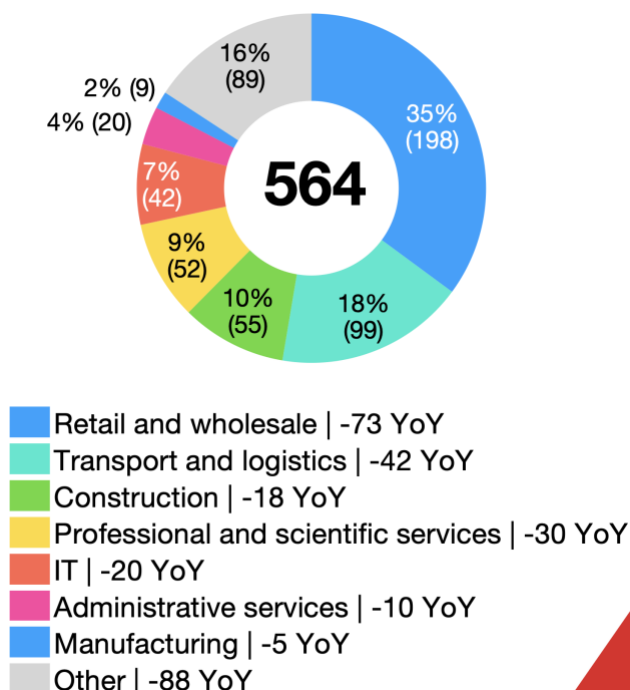


Fig. 6. Companies with Belarusian capital in Lithuania by economic sector,
08.2024

The geographic distribution exhibits a strong concentration in specific regions (Fig.7). Over 80% of all Belarusian enterprises are registered in Vilnius or the surrounding Vilnius Region, reflecting the city's role as a hub for Belarusian IT companies and the Belarusian diaspora. The majority of remaining businesses are located in the southeastern regions of Lithuania, likely due to proximity to the Belarusian border and existing trade relationships.

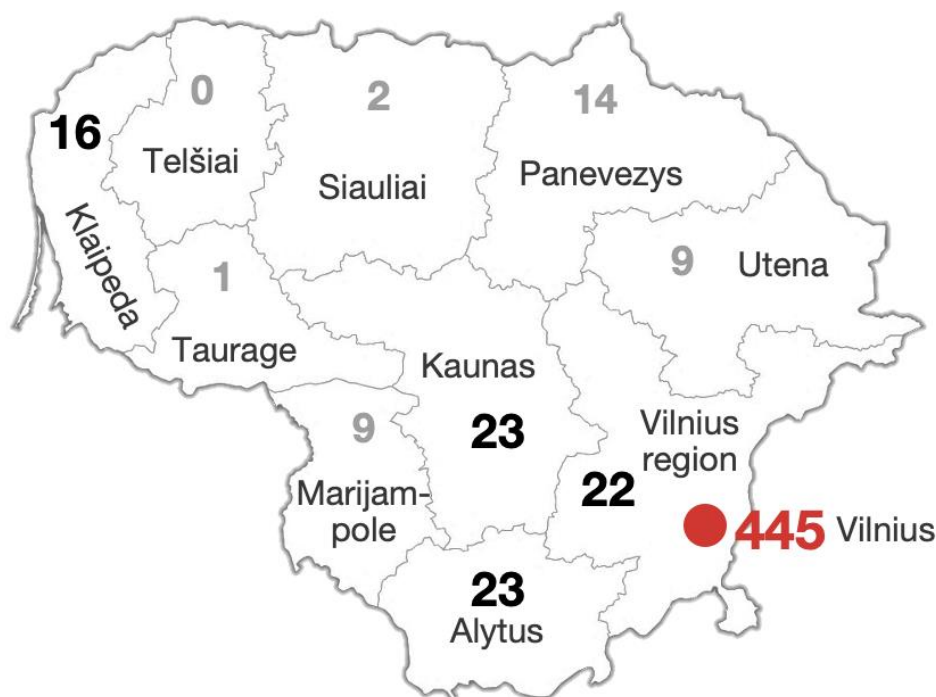


Fig. 5. Regional distribution of companies with Belarusian capital in Poland

Challenges Facing Belarusian Businesses in Lithuania

Belarusian businesses operating in Lithuania encounter a range of significant challenges, hindering their growth and development. Access to finance remains a major hurdle, with Belarusian businesses facing difficulties in opening bank accounts, securing loans, and conducting financial transactions due to increased scrutiny and potential reputational risks for financial institutions. In addition, establishing and maintaining business relationships with Lithuanian counterparties, partners, and suppliers can be challenging due to concerns about potential reputational risks associated with doing business with entities from Belarus. Next, obtaining visas, residence permits and permanent residency for Belarusian citizens has become increasingly difficult, creating uncertainty and instability for businesses and their employees. Similarly, the limited number of functioning border crossing points between Belarus and Lithuania and the increased congestion at these points can significantly disrupt logistics and supply chains for Belarusian businesses.

Emerging Trends in Belarusian Business Abroad: Adaptation, Collaboration, and Policy Shifts

The landscape of Belarusian business abroad is undergoing significant transformations, characterized by evolving funding models, strengthened collaborations, and shifting policy environments.

Based on communication with Belarusian business diaspora and different stakeholders, the main business adaptation and collaboration trends can be formulated as follows:

1. Both non-profit and commercial organizations supporting Belarusian businesses abroad are increasingly moving away from sole reliance on donor funding. They are actively exploring and implementing innovative monetization models to ensure financial sustainability.
2. A notable trend is the intensification of partnerships between non-profit organizations, entities supporting Belarusian businesses, and the companies themselves. These collaborations encompass a range of activities, including co-marketing efforts, barter agreements, and corporate sponsorship of non-profit initiatives. Belarusian businesses abroad seek to re-establish their presence in the media landscape. This involves increased engagement with independent media outlets, including purchasing advertising space, to restore media advertising revenues that had previously declined significantly.
3. Professional service providers, such as legal, accounting, and consulting firms, are playing an increasingly crucial role in facilitating business connections within the Belarusian diaspora. They are actively organizing events and networking opportunities, serving as vital hubs for the exchange of information and the development of business relationships.
4. Larger Belarusian businesses that have successfully established themselves abroad are increasingly embracing CSR initiatives and philanthropic activities, demonstrating a commitment to social responsibility and community engagement.
5. Belarusian businesses are actively seeking to leverage available subsidies and tax incentives offered by host countries, such as Poland, Lithuania, Cyprus, Latvia, and Estonia. Growing awareness of these opportunities is driving this trend.
6. The proactive support provided by Polish and Lithuanian authorities to attract Belarusian businesses has diminished. Their communication has become more restrained, with a greater emphasis on security concerns and a de-emphasis on outreach and facilitation efforts.
7. Financial support from Western donors for relocated Belarusian businesses has become increasingly irregular and unpredictable. While the European Commission and USAID remain key contributors, their funding is often

channeled through intermediary organizations, and support for business-oriented initiatives is not always a primary focus.

8. Despite the emergence of numerous smaller, active, and effective NGOs supporting Belarusian businesses, only a limited number of larger organizations have access to significant Western funding, hindering the growth and development of the broader NGO sector.

Conclusion

The migration of Belarusian businesses and skilled labor presents both challenges and opportunities. This phenomenon should be considered and examined from various perspectives.

On one hand, while the "brain drain" poses a substantial challenge to Belarus's economic development, the Belarusian diaspora abroad has the potential to be a powerful force for positive change. The loss of entrepreneurship capital and investment has weakened the country's productive capacity and country's economic base as well as hindered the ability to diversify the economy. Belarusian businesses operating abroad face a dynamic and evolving landscape. While they contribute to the economic growth of host countries, they also face increased competition and the challenges of integration. Access to funding, navigating complex regulatory environments, and adapting to new market conditions can pose significant hurdles for Belarusian businesses operating abroad. To thrive, these businesses must adapt and innovate. This includes developing strong local partnerships, building strong brands within the host country market, and leveraging the unique skills and perspectives brought by their Belarusian heritage. Additionally, Belarus's political and economic instability can create uncertainty and hinder long-term planning. Despite these challenges, it can serve as a bridge between Belarus and the global economy in the future, facilitating knowledge transfer, attracting foreign investment, and supporting the development of new enterprises within the country.

Diaspora members can leverage their international networks to connect Belarusian businesses with potential partners, investors, and markets. However, realizing this potential requires a concerted effort to address the challenges faced by the diaspora, foster collaboration between different stakeholders, and leverage the power of technology and innovation for a more prosperous and democratic future in Belarus.

On the other hand, the migration of Belarusian businesses and skilled labor to neighboring countries has exerted a significant influence on their economic landscapes. In Poland, this migration has yielded notable positive outcomes. The

influx of skilled and young Belarusian workers has enriched the Polish workforce with dynamism, particularly in less developed eastern regions, fostering economic growth in these areas. The arrival of numerous Belarusian entrepreneurs and companies has intensified competition and spurred innovation within the Polish market. This has led to the emergence of new large employers, creating job opportunities for both Polish and Belarusian citizens. Furthermore, the influx of Belarusian expertise in the IT sector has accelerated technological advancement within Poland. Concurrently, the strengthening of the Belarusian diaspora has fostered the emergence of diaspora-oriented businesses and enriched cultural exchange between the two nations.

In Lithuania, similar positive trends are observed. The migration of skilled and highly skilled Belarusian labor has enriched the local workforce and filled critical labor shortages. The emergence of new large employers, particularly within the IT sector, has further stimulated the Lithuanian economy. Moreover, the increased demand for real estate resulting from Belarusian migration has invigorated the housing market. The strengthening of the Belarusian diaspora has also fostered the emergence of diaspora-oriented businesses in Lithuania. However, Lithuania has also experienced certain negative impacts. The rapid decrease in the number of registered Belarusian companies operating within Lithuania has the potential to negatively impact tax revenues and overall economic activity. Integrating Belarusian workers into the host country's labor market requires careful consideration, including addressing potential language barriers, and cultural differences, and ensuring equal access to employment opportunities and social services. In this regard, host countries should be interested in promoting integration by implementing policies, including language training programs, support for entrepreneurship, and ensuring fair competition between local and foreign-owned businesses as well as equal employment opportunities and social services.

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