

Unintended Consequences: Belarusian SOEs, Sanctions and Dependence on Russia

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Notes

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- ²⁰ IMF, 2019.
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- ²⁴ By definition, state-owned enterprises are collectively owned by citizens, represented by their government (state). Principal-agent problem refers to the difficulty of aligning the interests of the citizens (“shareholders”) and the government (“principals”) with those of the “agents” running the SOE (board of directors / senior management); whereas the free rider problem refers to the lack of incentive by the many shareholders of SOEs to oversee the SOE’s detailed activities. These problems can be remedied by setting up monitoring systems and tightening oversight over firm finances and performance. Source: Chang, Ha-Joon. *Bad Samaritans: The Myth of Free Trade and the Secret History of Capitalism*. New York: Bloomsbury. 2008.
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- ²⁷ Belarusian SOEs not only receive preferential loans, but also various types of fiscal and quasi-fiscal support to cover their losses and compensate for the below-market prices and tariffs that they charge citizens, especially in utilities and other social services sectors (subsidies for housing, utilities, and transport services amounted to 1.2% of GDP in 2015). Triggered by the 2015 recession, the rescheduling of SOE debt in 2015-2016 through the conversion of SOE loans into bonds amounted to US\$1.8 billion, causing an increase in the volume of public debt denominated in foreign currency. World Bank, 2018.
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 - **EU:** European Council, “*EU restrictive measures against Belarus*”, accessed on February 1, 2023 (<https://www.consilium.europa.eu/en/policies/sanctions/restrictive-measures-against-belarus/>), Council Decision (CFSP) 2022/307 of 24 February 2022 amending Decision 2012/642/CFSP concerning restrictive measures in view of the situation in Belarus, (<https://eur-lex.europa.eu/legal->

[content/EN/TXT/?uri=uriserv:OJ.L_2022.046.01.0097.01.ENG](#)), and “Belarus' role in the Russian military aggression of Ukraine: Council imposes sanctions on additional 22 individuals and further restrictions on trade” Press Release, March 2, 2022. <https://www.consilium.europa.eu/en/press/press-releases/2022/03/02/belarus-role-in-the-russian-military-aggression-of-ukraine-council-imposes-sanctions-on-additional-22-individuals-and-further-restrictions-on-trade/>

- **UK:** UK Government, Office of Financial Sanctions Implementation, HM Treasury, *Consolidated List of Financial Sanctions Targets in the UK*, last updated: December 16, 2022, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1079304/Belarus.pdf; UK Government website: “UK sanctions relating to the Republic of Belarus” (<https://www.gov.uk/government/collections/uk-sanctions-on-the-republic-of-belarus>); “Republic of Belarus sanctions: guidance” (<https://www.gov.uk/government/publications/republic-of-belarus-sanctions-guidance>); “UK punishes Putin with new round of sanctions on £1.7 billion of goods” (<https://www.gov.uk/government/news/uk-punishes-putin-with-new-round-of-sanctions-on-17-billion-of-goods>), dated May 8, 2022; and “UK to implement further punishing economic measures on Belarus”, dated July 4, 2022 (<https://www.gov.uk/government/news/uk-to-implement-further-punishing-economic-measures-on-belarus>).
 - **Canada:** Government of Canada, Justice Law Website, *Special Economic Measures (Belarus) Regulations (SOR/2020-214)*, Schedule 1, Part 2, current to January 1, 2023. <https://laws-lois.justice.gc.ca/eng/regulations/SOR-2020-214/FullText.html> and Canadian Sanctions Related to Belarus (https://www.international.gc.ca/world-monde/international_relations-relations_internationales/sanctions/belarus.aspx?lang=eng); “Restricted Goods and Technologies List”, https://www.international.gc.ca/world-monde/international_relations-relations_internationales/sanctions/goods_gechnologies-marchandises_technologies.aspx?lang=eng; “Prime Minister announces additional sanctions in support of Ukraine”, June 27, 2022, <https://pm.gc.ca/en/news/news-releases/2022/06/27/prime-minister-announces-additional-sanctions-support-ukraine>; and “Canada imposes additional sanctions on Belarusian regime”, <https://www.canada.ca/en/global-affairs/news/2022/11/canada-imposes-additional-sanctions-on-belarusian-regime.html>
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