BELARUS

Belarus's economy remains strained by sanctions, labor shortages, and dependence on Russia. GDP growth slowed in 2025 due to weak exports and inflation. Long-term growth prospects are limited by the effectiveness of stimulus policies, persistent inflation, and currency pressures. Poverty declined modestly, mainly in rural areas. Sustained high inflation and widening external imbalances, driven by continued isolation from global markets, further weaken Belarus's growth potential.

Population[1] million	Poverty[2] millions living on less than $8.30/day
9.1	0.2
Life expectancy at birth[3] years	**School enrollment[4] primary (% gross)**
74.2	94.7
GDP[5] current US$, billion	**GDP per capita[6] current US$**
76.0	8319.8

Sources: WDI, MFMod, and official data. 1/ 2024. 2/ 2020 (2021 PPPs). 3/ 2023. 4/ 2023. 5/ 2024. 6/ 2024.

Key conditions and challenges

Belarus's economy remains centralized, controlled and increasingly isolated since Russia's invasion of Ukraine. Western sanctions have pushed it to reroute trade primarily through Russia and seek new trade partners in Africa, Latin America, Southeast and Central Asia, raising costs and causing payment delays. Import substitution, backed by Russian investments and subsidies, has strengthened a short-term economic resilience, but tightened Belarus's economic ties with Russia, leaving it vulnerable to any downturn in Russian demand.

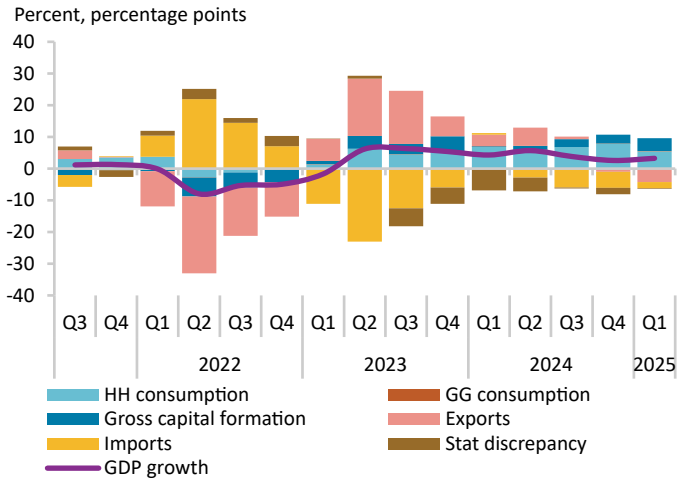
Sanctions on Belarus continue to weigh on growth prospects, compounding structural weaknesses such as labor shortages, economic overheating, and a worsening trade balance. Structural reforms are needed to address labor market rigidities and limited economic diversification to support sustainable growth. Inflationary pressures have increased due to exchange rate volatility, worsening current account, and inefficiencies in the state-dominated economy. The government plans to ease price controls while maintaining fiscal stimulus, including through the state-owned enterprises, to sustain growth and preserve macroeconomic stability.

Recent developments

In the first seven months of 2025, GDP growth slowed to about 1.3 percent year-on-year, held back by weaker Russian demand and adverse weather that reduced agricultural output by 12.4 percent year-on-year. Construction expanded by 10.2 percent and the information and communications sector grew by 4.2 percent, both recovering from severe declines in recent years. On the demand side, private consumption and public investment remained the key drivers of growth. As domestic demand strengthened, imports rose faster than exports, leaving trade a drag on growth.

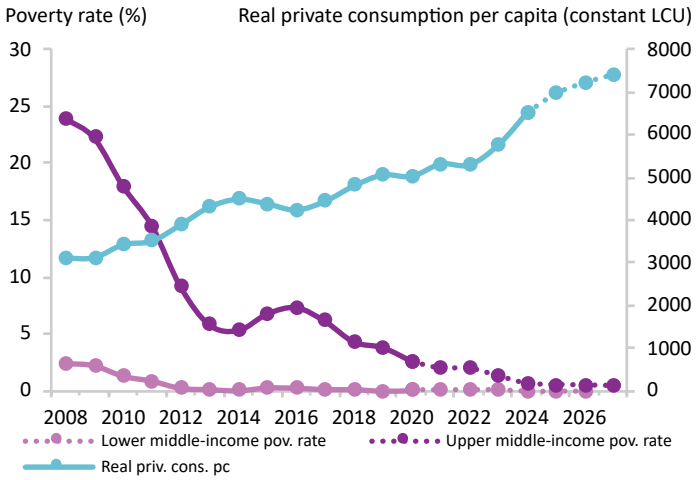
A widening trade gap drove the current account deficit higher in early 2025. The total value of exports in dollar terms rose marginally, helped by stronger demand from distant markets (Africa, Latin America, Asia). Imports, however, rose strongly due to rising wages and generous fiscal incentives. Consequently, the current account deficit expanded by over 18 percent in the first quarter, despite a 15 percent rise in remittances. The deficit was primarily financed through foreign direct investment—mainly reinvested earnings from Russian firms—with smaller contributions from Chinese investors. External debt slightly increased to 40 percent of GDP due

FIGURE 1 / Quarterly real GDP growth and contributions to real quarterly GDP growth



Source: World Bank based on national statistics.

FIGURE 2 / Actual and projected poverty rates and real private consumption per capita



Source: World Bank. Notes: See footnotes in table on the next page.

to trade credits, while foreign reserves rose to a record high of US$11.5 billion by July 2025.

Despite price controls, inflation accelerated in January–July, rising by 6.4 percent year-on-year, with food prices up by 8.5 percent. The Belarusian ruble depreciated moderately against the Russian ruble amid sanctions and weaker trade flows, remaining closely tied to the fluctuations of the Russian ruble. In response, the National Bank of Belarus tightened monetary policy, increasing the base interest rate by 25 bps to 9.75 percent in June.

Labor market pressures led to a further decline in unemployment and pushed real wages up by 10.5 percent year-on-year. This increase in household incomes contributed to a further reduction in poverty during the first half of 2025, albeit at a slower pace due to rising inflation. According to official data, the decline in poverty was modest and largely concentrated in rural areas, particularly in the southern regions of the country.

Since the war in Ukraine began, regular publication of budget data has largely ceased, replaced by occasional and sometimes conflicting announcements from the Ministry of Finance. As a result, obtaining an accurate picture of the country's public finances has become increasingly challenging.

Outlook

Growth is expected to pick up in the second half of the year as agricultural output rebounds. However, full-year GDP growth is projected to slow to 1.9 percent, below the 2024 level, primarily due to subdued economic activity in Russia, which continues to dampen demand for Belarusian exports. In 2026–27, expansion will be limited by capacity constraints and labor shortages unless investment increases. Manufacturing will remain a key contributor to growth but lose momentum with softer Russian demand, while construction will benefit from state-led infrastructure development. Domestic trade should benefit from tight labor markets and generous fiscal support, and the IT sector is to rebound after recent declines.

Private consumption will remain the main growth driver but will weaken as inflation erodes purchasing power. Consequently, poverty, measured at the upper-middle-income poverty line of US$8.30 (2021 PPP), is expected to continue declining, albeit more slowly. Investment will support growth but remain constrained by limited resources and absorption capacity. Net exports are projected to continue weighing on growth, due to Russia's dominance, ongoing sanctions, and persistent logistical challenges. The trade and current account balances are expected to deteriorate, with the current account deficit projected to reach around 3.0 percent of GDP in 2025, followed by a gradual improvement in the medium term.

Inflationary pressures are expected to stay high, with average annual inflation projected at 6.7 percent year-on-year in 2025. Persistently high prices, combined with falling corporate profits, rising losses, and structural inefficiencies, could limit the impact of stimulus measures. Even as price controls are eased, inflation is likely to remain above 6 percent in the medium term.

Belarus's medium-term growth is likely to remain below potential, held back by weak growth in Russia, and internal constraints. Ties with Russia, and state support for key industries should sustain short-term growth momentum.

Recent history and projections	2022	2023	2024	2025e	2026f	2027f
Real GDP growth, at constant market prices	-4.7	3.9	4.0	1.9	1.3	0.8
Private consumption	-1.2	8.2	12.6	5.9	2.9	1.8
Government consumption	-0.1	0.2	0.1	0.1	0.0	0.0
Gross fixed capital investment	-13.3	17.2	7.8	14.5	4.0	2.9
Exports, goods and services	-12.3	19.0	2.9	-5.5	0.5	1.1
Imports, goods and services	-11.4	22.7	5.3	3.2	3.1	2.9
Real GDP growth, at constant factor prices	-4.7	3.7	4.1	1.9	1.2	0.8
Agriculture	4.4	0.0	2.2	2.5	3.1	2.3
Industry	-6.2	7.0	5.9	3.1	2.1	0.8
Services	-5.1	1.9	3.1	0.8	0.2	0.5
Inflation (consumer price index)	15.2	5.1	5.7	6.7	6.2	6.0
Current account balance (% of GDP)	3.6	-1.5	-2.5	-3.2	-1.2	0.7
Net foreign direct investment inflow (% of GDP)	1.9	2.7	2.1	1.5	1.5	1.5
Fiscal balance (% of GDP)	-1.5	1.2	1.3	1.0	0.5	0.1
Revenues (% of GDP)	36.0	40.7	41.9	40.6	40.1	39.7
Debt (% of GDP)	38.7	37.4	37.3	38.4	39.5	40.3
Primary balance (% of GDP)	-0.5	2.8	2.8	2.4	2.0	1.6
Lower middle-income poverty rate ($4.20 in 2021 PPP)[1,2]	0.1	0.1	0.0	0.0	0.0	..
Upper middle-income poverty rate ($8.30 in 2021 PPP)[1,2]	2.1	1.3	0.7	0.5	0.5	0.4
GHG emissions growth (mtCO2e)	-2.7	1.8	2.2	0.7	0.6	0.2

Source: World Bank, Poverty and Economic Policy Global Departments. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast. Data in annual percent change unless indicated otherwise.
1/ Calculations based on ECAPOV harmonization, using 2020-HHS. Actual data: 2020. Nowcast: 2021-2024. Forecasts are from 2025 to 2027.
2/ Projection using neutral distribution (2020) with pass-through = 0.87 (Med (0.87)) based on private consumption per capita in constant LCU.