BELARUS

The 2025 growth slowdown highlighted the fragility of Belarus's economic model. Growth in 2026 is expected to moderate further with mild Russian demand and persistent supply-side bottlenecks. Medium-term prospects are further constrained by the limited impact of stimulus measures and elevated inflation. Belarus's continued isolation from global markets and reliance on Russia undermine the foundations for durable, broad-based growth.

Population[1] million	Poverty[2] millions living on less than $8.30/day
9.1	0.2
Life expectancy at birth[3] years	**School enrollment[4]** primary (% gross)
74.2	96.8
GDP[5] current US$, billion	**GDP per capita[6]** current US$
106.3	11713.8

Sources: WDI, MFMod, and official data. 1/ 2025. 2/ 2020 (2021 PPPs). 3/ 2023. 4/ 2024. 5/ 2025. 6/ 2025.

Key conditions and challenges

Belarus's economy remains centralized, controlled and increasingly isolated since Russia's invasion of Ukraine and the Western sanctions that followed. The loss of access to European Union (EU) markets and global financial channels has forced Belarus to reroute most of its trade through Russia, driving up logistical and compliance costs and squeezing export margins across key sectors. Transport expenses have risen significantly as traditional routes and payment systems, particularly those linked to the EU, have become unavailable.

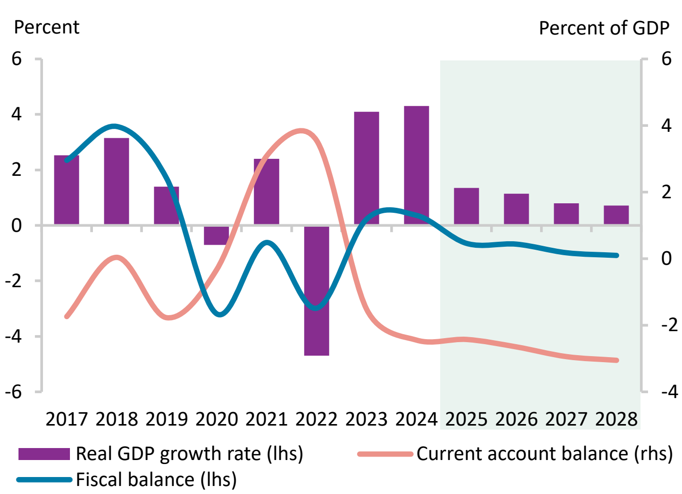
At the same time, Russian-backed import-substitution policies and subsidized energy have helped cushion the immediate economic impact but have deepened Belarus's structural dependence on Russia. Most of Belarusian exports now go to the Russian market, while much of the remaining trade is channeled through Russian logistics networks and banks. As a result, Belarus faces growing vulnerability to external shocks stemming from its dominant neighbor and limited ability to diversify trade or financial partnerships. The conflict in the Middle East is expected to have limited impact in the short-term on the Belarus economy as the price of energy imports from Russia are administratively fixed.

Recent developments

In 2025, GDP growth slowed to 1.3 percent year-on-year from 4.3 percent in 2024, reflecting both external and domestic constraints. Poor weather left agricultural output nearly flat. In contrast, construction grew by 10.2 percent, and the information and communications technology (ICT) sector expanded by 4.2 percent, continuing its partial rebound. Demand-side dynamics were driven by private consumption and investments, underpinned by rising wages and sizable government support. As a result, imports grew faster than exports, which rose only marginally, given weaker Russian demand and modest gains in Africa, Latin America, Southeast and Central Asia markets.

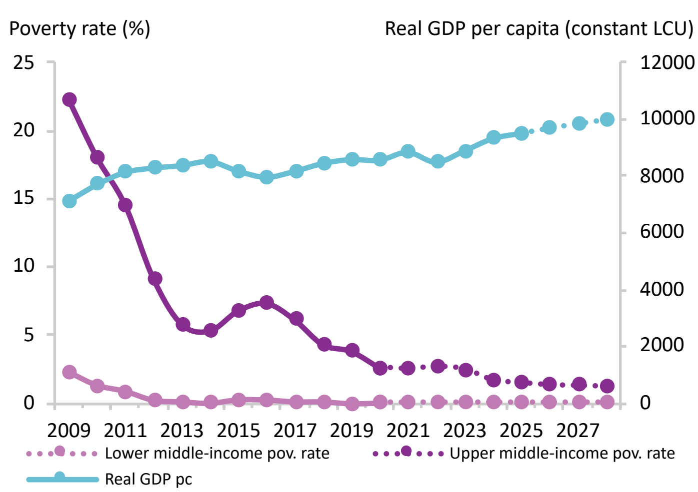
The current account deficit reached 2.5 percent of GDP in the first nine months of 2025, similar to 2024. The shortfall was driven by the trade deficit and increased profit repatriation, deepening the primary income deficit. Exports rose only marginally, supported by modest gains in Africa, Latin America, Southeast and Central Asia markets,

FIGURE 1 / Actual and projected macroeconomic indicators



Source: World Bank.

FIGURE 2 / Actual and projected poverty rates and real GDP per capita



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

while imports expanded more quickly on the back of rising wages and sizable government support. The deficit was financed mainly by cash and deposits and foreign direct investment—largely reinvested earnings from Russian firms. External debt decreased slightly to 43 percent of GDP by end-October 2025 from 46 percent at end-2024, while international reserves reached a record US$15.7 billion in January 2026, supported by higher gold prices.

Inflation accelerated in 2025 on the back of high domestic demand and food price increases, despite administrative price control. The average consumer price index reached 6.7 percent and food inflation at 9 percent. The Belarusian ruble appreciated mirroring the Russian ruble's (RUB) currency cycle, consistent with its 60 percent RUB basket weight and deep trade links. Monetary policy remained unchanged, with the policy rate remaining at 9.75 percent since June 25, 2025.

Despite weaker GDP growth in 2025, labor hoarding in state-linked firms and out-migration, particularly of skilled workers, kept labor demand robust, holding unemployment near historic lows (around 2.5 percent) and supporting continued real wage gains. As a result, household purchasing power was maintained despite higher prices, and poverty continued to edge down, albeit more slowly given the high inflation.

Since the start of the war in Ukraine, the regular publication of Belarus's budget data has largely ceased, making it increasingly difficult to obtain a clear and reliable picture of the country's public finances.

Outlook

Belarus is expected to continue its slower growth phase, with real GDP projected to grow only at 1.1 percent in 2026 and at 0.7–0.8 percent in 2027 and 2028. Growth will rely heavily on state-supported construction, while industrial output, specially manufacturing, will soften as Russian demand moderates. Retail and services will be supported by tight labor conditions and fiscal measures, whereas the ICT sector is likely to recover only gradually from its post-2022 decline. Favorable agricultural conditions would boost growth, but the overall outlook remains constrained by expected moderate Russian growth, sanctions, higher trade and logistics costs, and persistent payment bottlenecks. Persistent inflation, profit compression and mounting losses, together with entrenched structural inefficiencies, including labor and capacity constraints, are likely to limit the effectiveness of fiscal and credit stimulus, dampening investment and potential growth.

Net exports are likely to continue to be a drag on growth given the reliance on the Russian market, sanctions, and logistical frictions. Consequently, the current account deficit is projected to slightly widen to 2.6 percent of GDP in 2026 and to 2.9–3.1 percent in the medium term.

Inflation is projected to remain elevated over the medium term, gradually eroding real purchasing power and progressively compressing real wage gains, with average annual inflation projected to remain above 6 percent through to 2028—even with price controls in place. The continued reliance on price controls and other administrative measures, although helping to contain headline inflation in the short term, risks distorting relative prices, weakening monetary transmission, and delaying progress toward a more market-based policy framework.

Given a very tight labor market, real wages are expected to keep rising despite elevated inflation, allowing the US$8.30 (2021 PPP) upper-middle-income poverty headcount to decline from 1.55 percent in 2025 to about 1.3 percent by end-2028.

Recent history and projections	2023	2024	2025e	2026f	2027f	2028f
Real GDP growth, at constant market prices	4.1	4.3	1.3	1.1	0.8	0.7
Private consumption	8.2	12.4	5.1	2.9	1.8	1.6
Government consumption	0.2	0.2	0.5	0.4	1.2	1.1
Gross fixed capital investment	17.2	9.5	12.5	4.0	2.9	2.6
Exports, goods and services	19.0	3.0	-6.3	0.1	1.1	1.2
Imports, goods and services	22.7	6.0	1.5	3.1	3.0	2.9
Real GDP growth, at constant factor prices	3.7	4.4	1.3	1.1	0.8	0.7
Agriculture	0.0	3.4	0.8	1.2	1.5	1.8
Industry	7.0	5.9	-0.9	0.4	0.5	0.6
Services	1.9	3.4	3.3	1.7	0.9	0.6
Inflation (consumer price index)	5.1	5.7	6.7	6.6	6.5	6.1
Current account balance (% of GDP)	-1.5	-2.4	-2.4	-2.7	-2.9	-3.1
Net foreign direct investment inflow (% of GDP)	2.7	2.0	1.6	1.5	1.4	1.4
Fiscal balance (% of GDP)	1.2	1.3	0.5	0.4	0.2	0.1
Revenues (% of GDP)	40.7	40.5	39.5	39.3	38.7	38.1
Debt (% of GDP)	37.4	36.0	37.0	36.7	36.5	37.1
Primary balance (% of GDP)	2.8	2.7	1.8	1.7	1.5	1.4
Lower middle-income poverty rate ($4.20 in 2021 PPP)[1,2]	0.1	0.1	0.1	0.1	0.1	0.1
Upper middle-income poverty rate ($8.30 in 2021 PPP)[1,2]	2.5	1.7	1.5	1.4	1.3	1.3
GHG emissions growth (mtCO2e)	1.5	2.0	0.7	1.0	0.7	0.2

Source: World Bank, Fiscal Policy & Growth Department. 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: 2021-2025. Forecasts are from 2026 to 2028.
2/ Projection using neutral distribution (2020) with pass-through = 0.87 (Med (0.87)) based on GDP per capita in constant LCU.