

# BELARUS

WORLD RANK:

104

REGIONAL RANK:

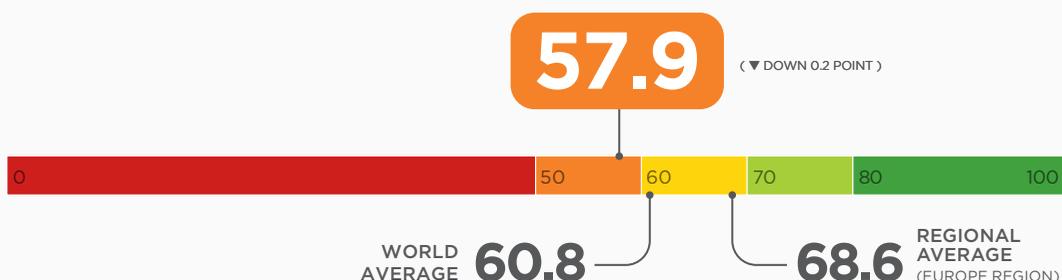
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ECONOMIC FREEDOM STATUS:  
MOSTLY UNFREE

Belarus's economic freedom score is 57.9, making its economy the 104th freest in the 2019 *Index*. Its overall score has decreased by 0.2 point, with higher scores for **fiscal health** and **monetary freedom** unable to offset declines including for **government spending** and **judicial effectiveness**. Belarus is ranked 42nd among 44 countries in the Europe region, and its overall score is below the regional and world averages.

Economic growth has been fueled by domestic demand and investment. The recovery of the Russian economy helped to increase exports of manufactured goods. Higher global prices for key exports such as petroleum products and potash fertilizer have helped Belarus service its external debt. The government has had some success with deregulation, but broad-scale liberalization has not been a priority. Instead, pervasive state involvement in and control of the economy still severely hamper growth and development, and the small private sector remains marginalized.

## ECONOMIC FREEDOM SCORE



**RELATIVE STRENGTHS:**  
Tax Burden and Fiscal Health

**HISTORICAL INDEX SCORE CHANGE (SINCE 1995):**  
+17.5

**CONCERNS:**  
Financial Freedom and Investment Freedom

## FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
9.5 million

**GDP (PPP):**  
\$178.9 billion  
2.4% growth in 2017  
5-year compound annual growth -0.3%  
\$18,931 per capita

**UNEMPLOYMENT:**  
0.5%

**INFLATION (CPI):**  
6.0%

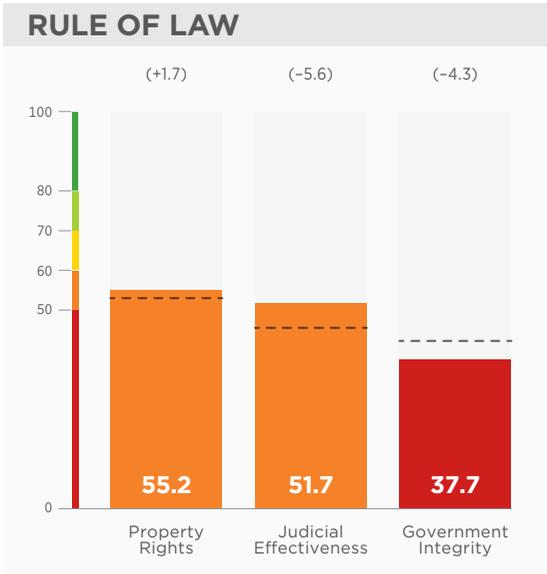
**FDI INFLOW:**  
\$1.3 billion

**PUBLIC DEBT:**  
51.0% of GDP

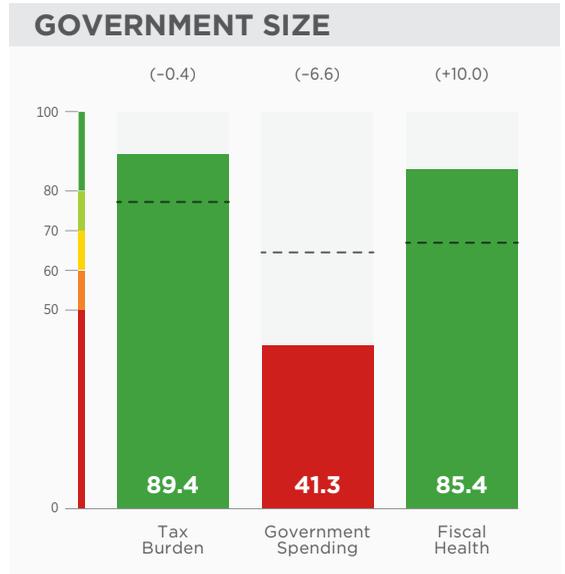
2017 data unless otherwise noted. Data compiled as of September 2018

**BACKGROUND:** Belarus is a former Soviet republic. President Alexander Lukashenko, in power since 1994, controls all branches of government. Belarus has one of Europe's worst human rights records. Opposition groups united in a coalition for the 2016 parliamentary elections, which international observers viewed as rigged, but failed to make meaningful gains. Lukashenko faced no serious competition in the 2015 presidential election, which was likewise neither free nor fair, and may seek another term in 2020. Industries and state-controlled agriculture are not competitive. Moscow maintains huge influence in the government and the economy, which rebounded in 2017 as the Russian economy slowly recovered. Belarus joined the Russia-backed Eurasian Economic Union in 2015.

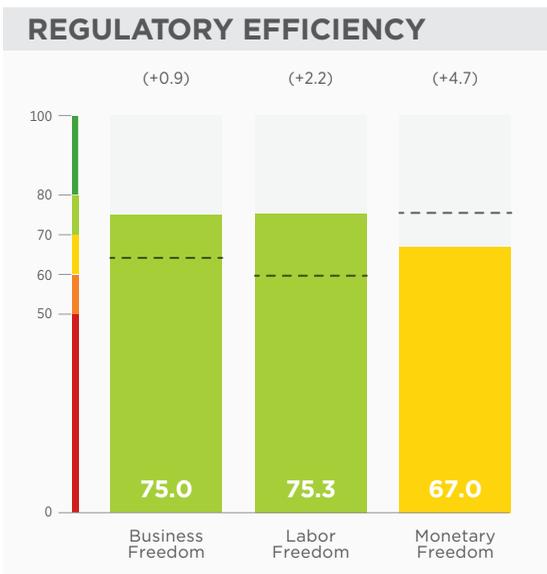
# 12 ECONOMIC FREEDOMS | BELARUS



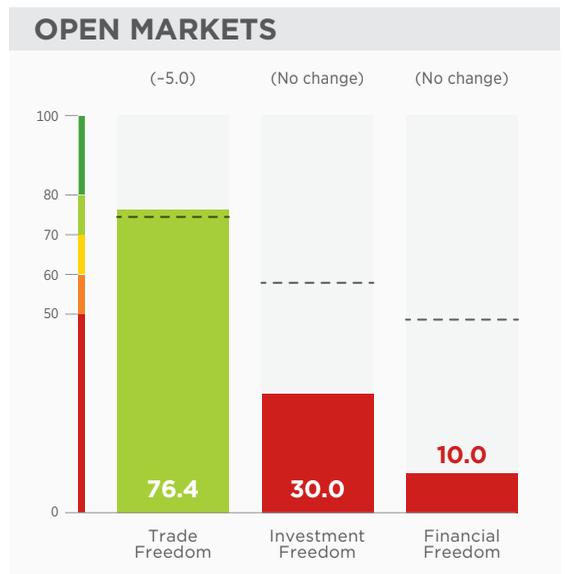
Soviet-era property laws remain in effect, but improvements have made property registration and transfer easier. Constitutionally vested powers give the president control of the government, the courts, and the legislature by assigning greater legal force to presidential decrees than to ordinary legislation. The state controls 70 percent of the economy, feeding widespread corruption, and the lack of transparency and government accountability encourages graft.



The personal income tax rate is 13 percent. The top corporate tax rate remains 18 percent. Other taxes include excise and value-added taxes. The overall tax burden equals 23.8 percent of total domestic income. Over the past three years, government spending has amounted to 44.2 percent of the country's output (GDP), and budget deficits have averaged 2.4 percent of GDP. Public debt is equivalent to 51.0 percent of GDP.



Simplified registration formalities and abolition of the minimum capital requirement have facilitated business formation. Procedural requirements for necessary permits have also been reduced. An efficient labor market is not fully developed. The government continues to subsidize its inefficient state-owned enterprises and controls fuel prices by charging one group of consumers higher prices to subsidize costs for others.



The combined value of exports and imports is equal to 133.6 percent of GDP. The average applied tariff rate is 1.8 percent. Extensive state ownership and government control severely limit investment and financial activity. Many industries are primarily or exclusively state-run to the detriment of private investment and enterprises. About 85 percent of adult Belarusians have access to an account with a formal banking institution.