Belarus’s economic freedom score is 61.0, making its economy the 95th freest in the 2021 Index. Its overall score has decreased by 0.7 point, primarily because of a decline in judicial effectiveness. Belarus is ranked 43rd among 45 countries in the Europe region, and its overall score is below the regional and world averages.

Perhaps reflecting the country’s ongoing political problems, Belarus’s economic freedom fell back from last year’s high, and barely maintained its position in the moderately free category. In addition to weaknesses in the judicial system, relatively low scores on the property rights and government integrity indicators illustrate the need for the government to take additional steps to strengthen the rule of law.

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**BACKGROUND:** President Alexander Lukashenko, in power since 1994, controls all branches of government in this former Soviet republic, which has one of Europe’s worst human rights records. After Lukashenko won reelection again in the 2020 presidential election, which international observers viewed as rigged, protestors called for him to resign in favor of the main opposition candidate, Sviatlana Tsikhanouskaya. Industries and state-controlled agriculture are not competitive. New non-Russian foreign investment has essentially disappeared in recent years, largely because of Belarus’s unfavorable investment climate. Belarus is heavily dependent on Russia for its energy supplies and joined the Russia-backed Eurasian Economic Union in 2015.
Mortgages and liens are available, and the property registry system is reliable. Enforcement of property rights by the weak judiciary, however, is uncertain. Courts are subservient to the president, who appoints Supreme Court justices with the approval of the rubber-stamp parliament. The state controls 70 percent of the economy, feeding widespread corruption. Lack of transparency encourages graft.

The top individual income tax rate is 13 percent, and the top corporate tax rate is 18 percent. The overall tax burden equals 14.7 percent of total domestic income. Government spending has amounted to 38.5 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.7 percent of GDP. Public debt is equivalent to 41.9 percent of GDP.

New secrecy in disclosing a related party transaction to the public, regulators, or the stock exchange is hurting business freedom, but the value added per worker relative to the minimum wage has improved. There is uncertainty about whether the generous Russian energy subsidies that have helped the Lukashenko government remain in power will continue in light of the country’s ongoing political turmoil.

Belarus has seven preferential trade agreements in force. The trade-weighted average tariff rate is 4.5 percent, but various nontariff barriers continue to restrict trade flows. Belarus is not a member of the World Trade Organization. Extensive state ownership and government control severely limit investment and financial activity. Key sectors, including banking and finance, are primarily or exclusively state-run.