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Labour market and social sphere

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Q1-2025

Key findings

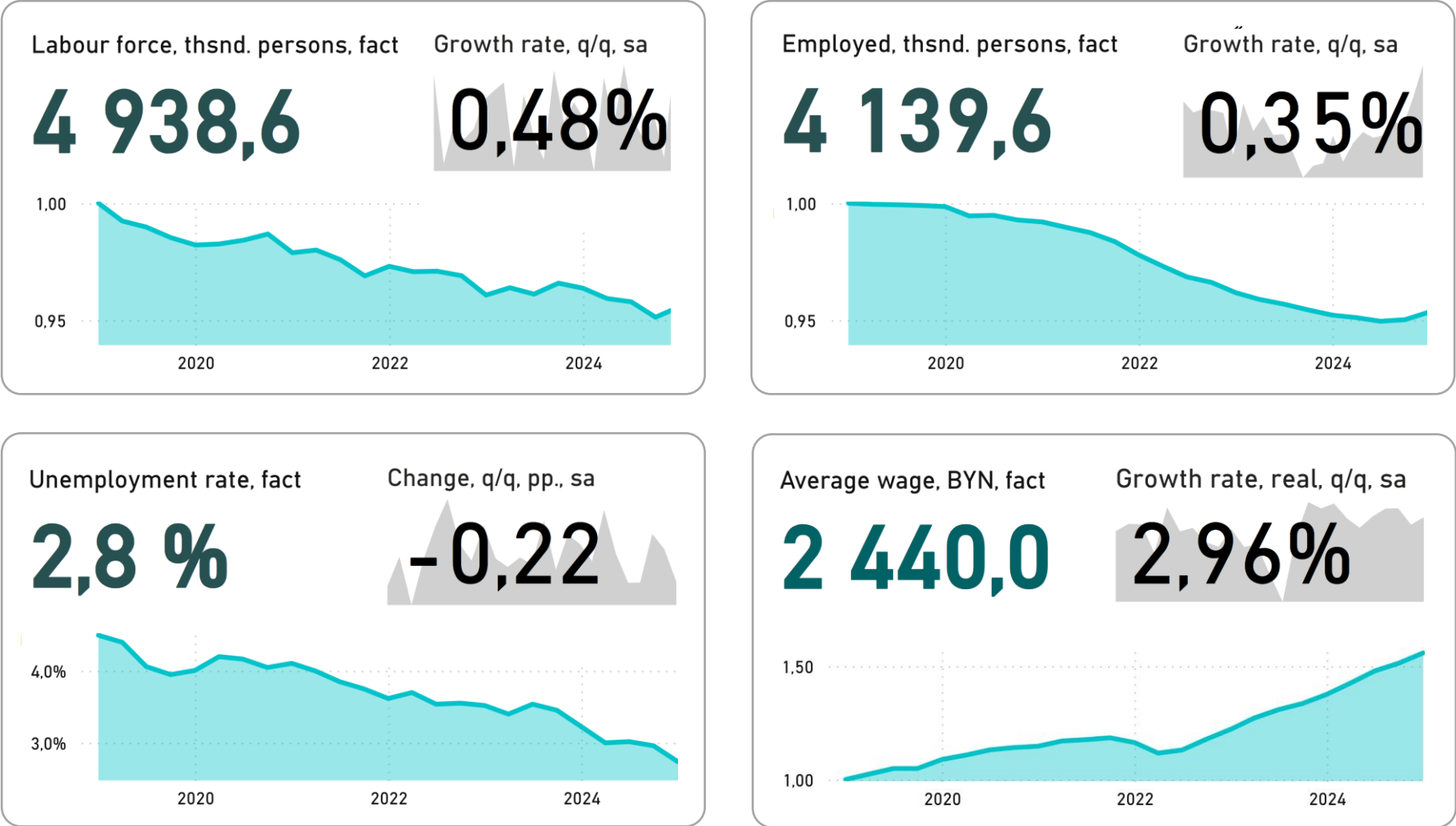
- The growth in the number of employed in the economy continued. Over the quarter, it increased by 0,35% in seasonally adjusted terms, while the average actual employment level reached **4139,6** thsnd. persons.
- The unemployment rate continues to decline. By the end of the quarter, a new historical low of **2,8%** was reached.
- The positive dynamic of new hires exceeding terminations, first observed in the previous quarter, persists. In absolute terms, this surplus amounted to over **4,5 thsnd. persons**. At the same time, a record increase in the number of additionally introduced workplaces was recorded.
- At the regional level, Minsk City demonstrated the most dynamic labour market and wage growth. In contrast, a slowdown was observed in the Gomel and Vitebsk regions.
- In sectoral terms, the most dynamic developments in the labour market — through the lens of hires and terminations — were observed in trade and services and other services, while the least dynamic were in agriculture and industry. At the same time, industry remains among the leaders in contributing to the growth of average wages.
- Labour market conditions continue to tighten: the number of vacancies is rising, while the unemployment rate is declining.
- Due to growing labour market pressure, real average monthly wages continued to rise actively. In nominal terms, average wages has reached **2440,0 BYN** in Q1-2025, while in real terms (seasonally adjusted) they grew by 2,96% over the quarter. Wage growth continued to outpace productivity growth both in nominal and real terms.
- Payroll number of employees in the state-owned commercial sector grew at a slower pace than in the economy as a whole. In the budgetary sector, the wage growth rate increased, while in the state commercial sector it remained virtually unchanged.

The bulletin “Labour Market and Social Sphere” provides an overview of developments in the labour market and the social sector in Belarus. It presents the dynamics of key labour market indicators – the size of the labour force and employed population, unemployment, and average wages (including the public commercial and budgetary sectors). The bulletin analyses the contributing factors behind these changes, assesses the overall labour market situation, and examines its impact on the country’s economic development. The methodological foundation of the analysis is based on the dynamics of the aforementioned indicators and their factor-based decomposition. All data used for the calculations are drawn from open official sources.

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Short-term positive labour market trends amid long-term challenges

Key Labour Market Indicators in Q1-2025



Notes. 1) The cards display actual values of the indicators; base indices (Q1-2019 = 1), unemployment dynamics, and growth rates are presented in real terms, seasonally adjusted¹. 2) The average wage is reported for registered staff and external part-time workers. Source: Compiled basing on Belstat data.

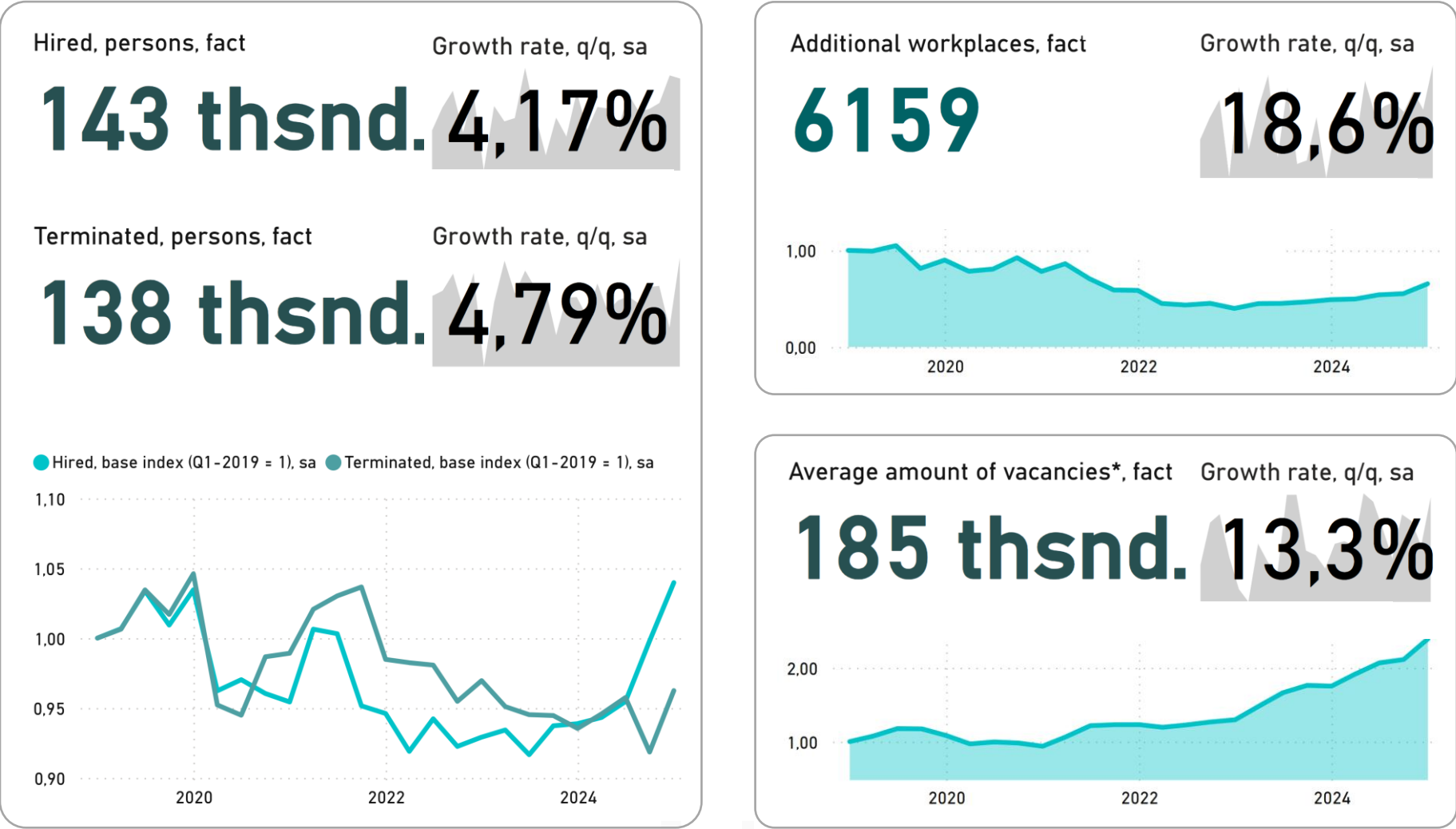
Employment has been growing for the second consecutive quarter. In Q1-2025, the average number of employed increased by 17 thsnd. persons compared to the previous quarter, reaching a level comparable to that of late 2023. A slight increase in the labour force was also recorded: according to Labour Force survey and adjusted for seasonality, it grew by 0,48% over the quarter. The most likely explanation for the rise in employment appears to be the continued effect of several government decisions aimed at enhancing the attractiveness of employment for pensioners, as well as attracting foreign specialists. At the same time, the long-term trend in labour force numbers remains downward.

Unemployment continues to decline. Throughout 2024, the unemployment rate hovered around 3,0%; in Q1-2025, it fell further, reaching a new historical low. At first glance, the downward trend in unemployment may appear positive, but it reflects a growing issue of labour shortages, which, in the long term, will undermine the economy's growth potential.

Wages continue to rise. In Q1-2025, the average real wage grew slightly faster than in the previous quarter; the quarterly growth rate was comparable to that of the same period in 2024. The ongoing wage growth trend indicates a tightening labour market.

The number of hires and terminations is increasing

The Labor Market Dynamics in Q1-2025



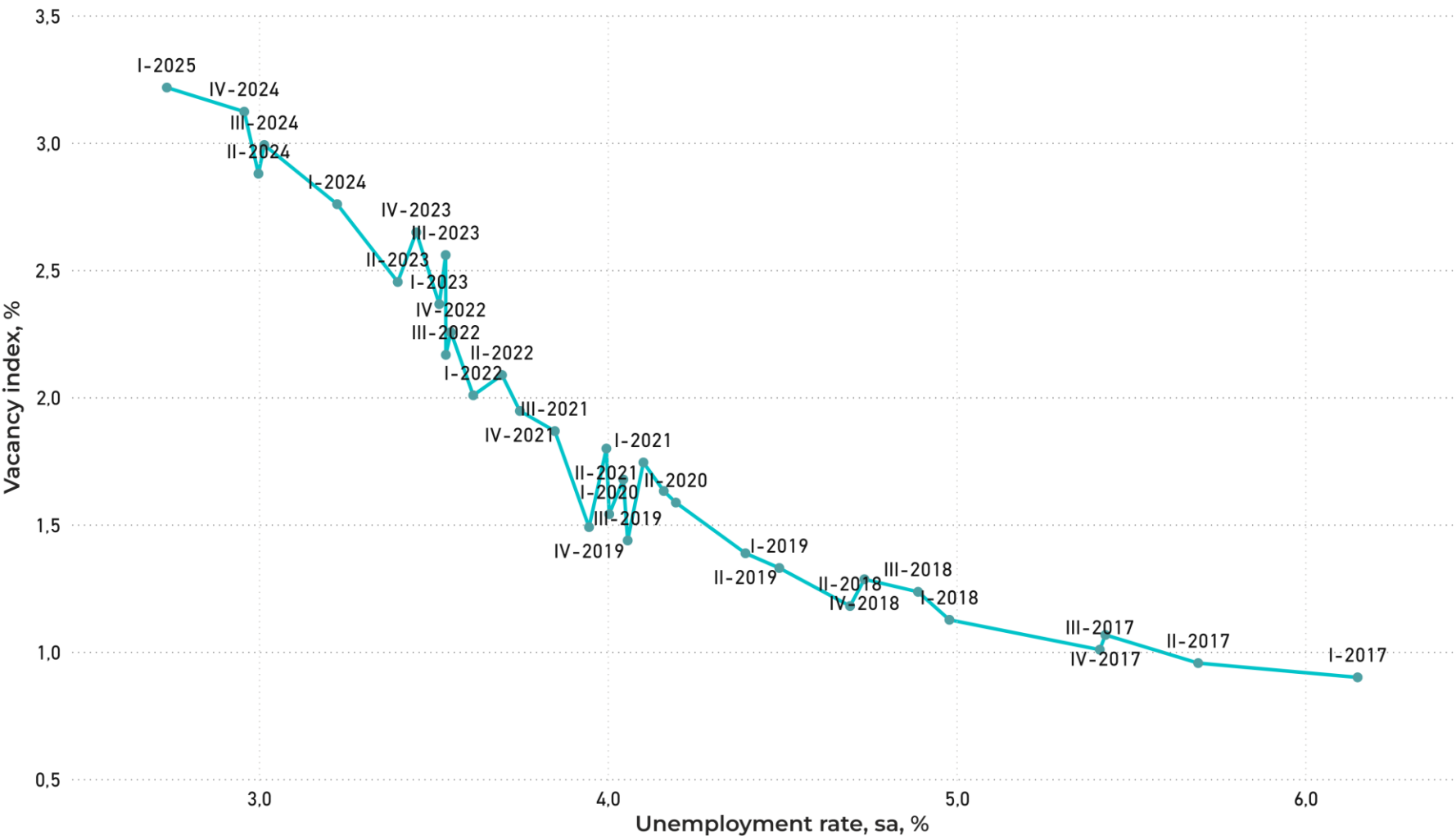
Notes. 1) The cards display the actual values of indicators; growth rates and base indices (Q1-2019 = 1) are presented in real terms, seasonally adjusted. 2) * - due to changes in legislation on job vacancy postings², the data contains a structural shift. Source: compiled basing on Belstat and Ministry of Labour and Social Defense of Republic of Belarus data.

In QI-2025, the trend of the number of hires exceeding the number of terminations continued. The positive net hiring balance during the period under review has amounted to over 4,5 thsnd. persons in absolute terms. For a long time, the predominance of terminations over hires has been a defining feature of the Belarusian labor market. Although the seasonally adjusted number of terminations has increased during the quarter, the difference between hires and terminations remains positive.

The growth in the number of additional workplaces accelerated. In 2024, there was a trend of gradual increase in the number of additional workplaces. In QI-2025, the quarterly growth rate hit a new high for the period under review. This surge may be partly related to the re-registration of some individual entrepreneurs (hereinafter – IEs) as legal entities in accordance with legislation introduced in 2024.

At the same time, the number of job vacancies continues to grow. This is partly explained by the introduction, at the beginning of 2025, of a requirement for employers to post vacancies in the relevant National Job Vacancy Database. However, even after adjusting the data for this structural shift, the upward trend in vacancies remains stable.

Beveridge curve, QI-2017 - QI-2025

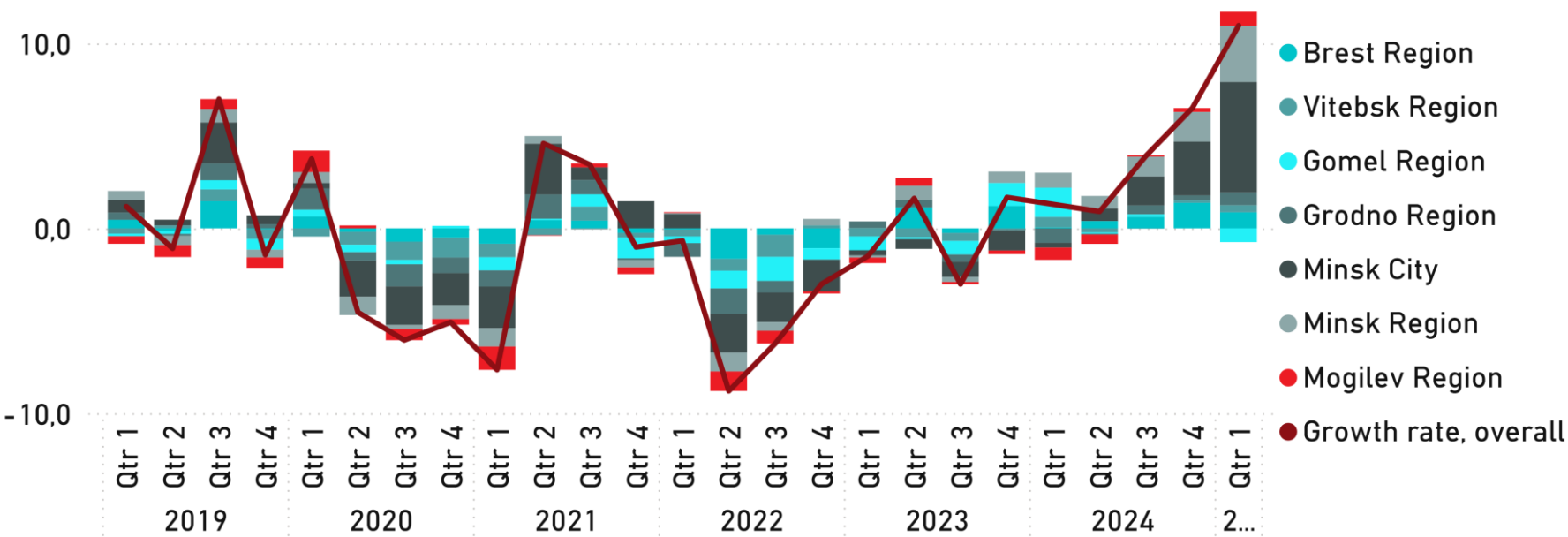


Note. The Beveridge curve reflects labor market tightness³: movement from the lower right to the upper left corner indicates increasing tension. The vacancy index is calculated as the ratio of the average number of vacancies, smoothed using a one-sided Hodrick–Prescott filter, to the seasonally adjusted labor force. Source: calculated basing on Belstat and Ministry of Labour and Social Defense of Republic of Belarus data.

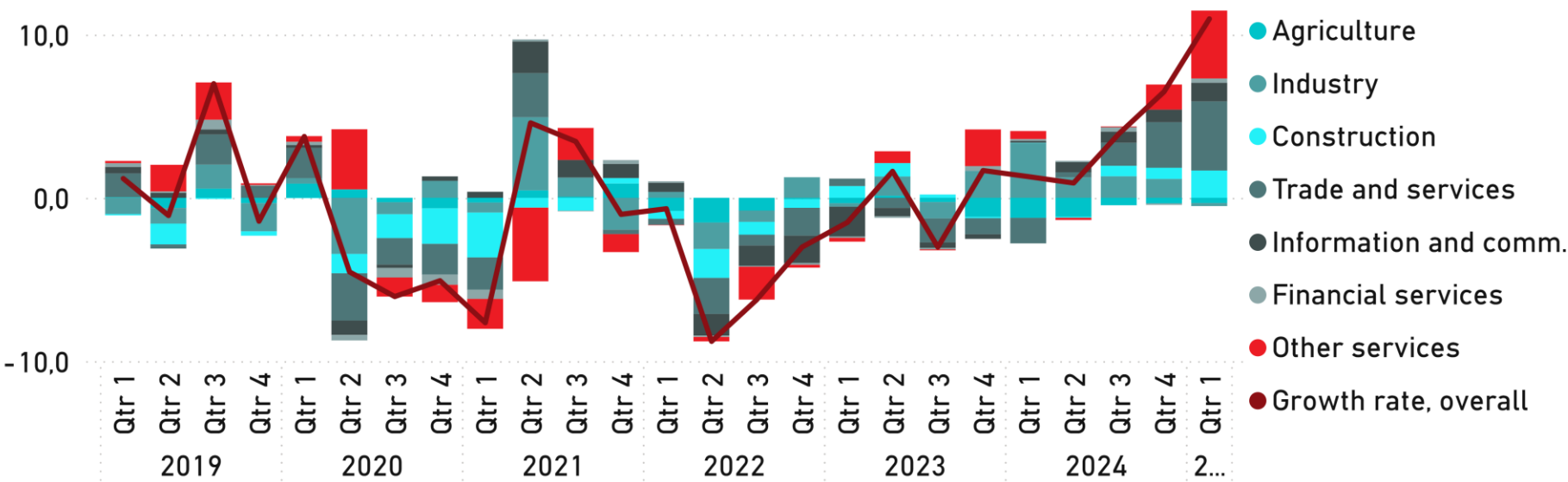
The labor market continues to tighten. Despite the ongoing trend of increasing employment, labour market tightness intensified in QI-2025. This is mainly due to the declining unemployment rate, which caused the Beveridge curve to shift leftward. The slowdown in the growth of the vacancies index was driven by an increase in the labour force; however, the growth rate of the smoothed average number of vacancies was higher, ultimately pushing the Beveridge curve slightly upward. Thus, it can be concluded that strong labour demand persists, and there are risks of exhausting the potential to find additional workers in the domestic market in the medium to long term.

Hiring in QI-2025 grew in almost all regions and most industries⁴. The indicator value in QI-2025 increased by 10,96% compared to the same quarter of the previous year. The main regional growth was driven by Minsk City (5,97 pp.) and Minsk region (3,02 pp.), accounting for 82,0% of the total increase in hires. The only region to experience a decline in hiring was Gomel region, with a contribution of -0,75 pp. By industry, the largest hiring increases were in trade and services (4,22 pp.) and other services (4,16 pp.). These sectors accounted for 76,6% of the total contribution to the rise in hires. Declines occurred in agriculture (-0,32 pp.) and industry (-0,19 pp.).

Hires growth rates decomposition
q/q same period of previous year, %, including:
by regions



by industries

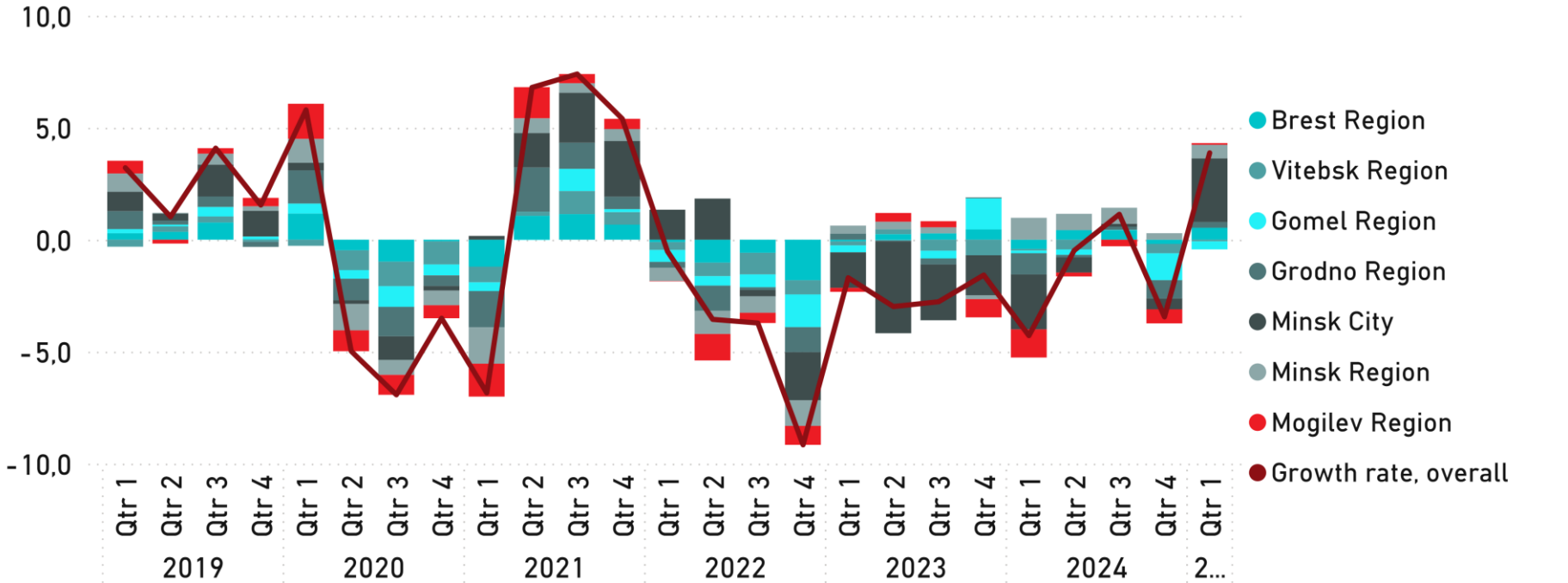


Note. Switching to year-over-year growth rates and their decomposition by factors helps address the issue of seasonality; the value of such growth differs from that of the original seasonally adjusted series. Source: Calculated basing on Belstat data.

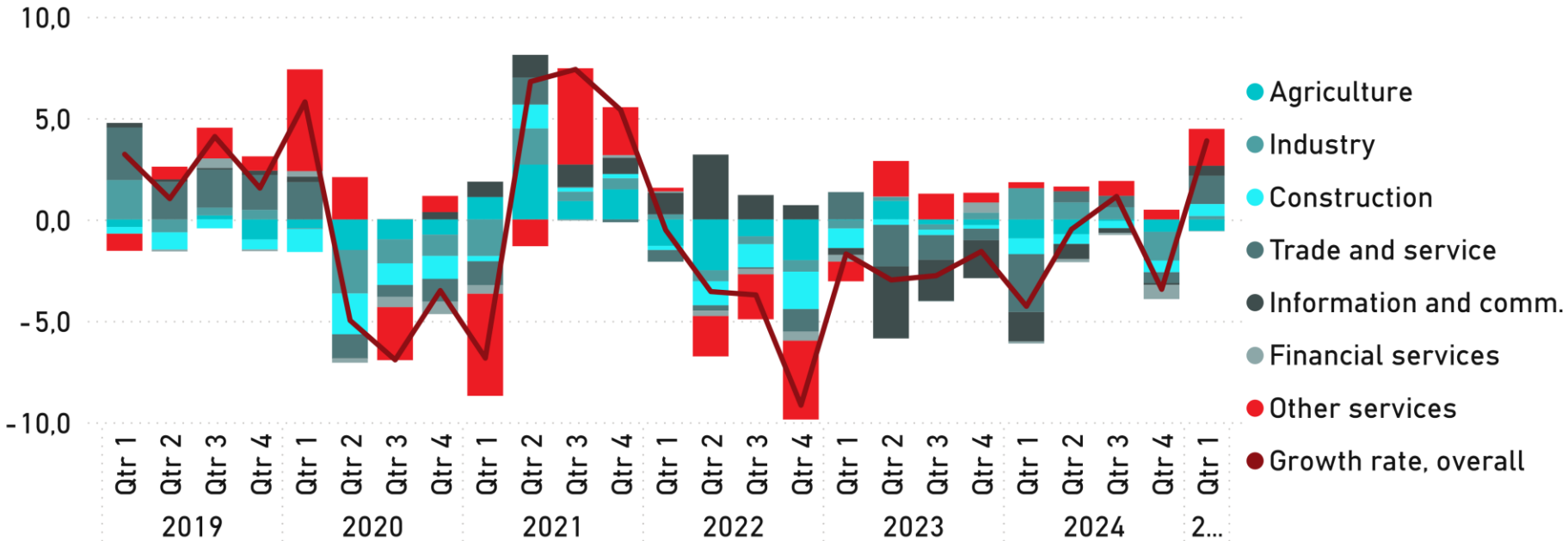
An increase in the number of terminations in Q1-2025 has also been observed across most regions and industries. Compared to the same quarter of the previous year, the number of terminations has risen by 3,88%. The main contributor to this growth is the Minsk City, accounting for 2,84 percentage points, or 73,2% of the total increase. Among the regions, terminations have declined in the Gomel Region (-0,36 pp.) and the Vitebsk Region (-0,07 pp.). On industrial level, the largest contributions to the increase have come from other services (1,8 pp.) and trade and service (1,4 pp.), which together accounted for 82,8% of the total rise. A decline in the number of terminations has occurred only in agriculture (-0,57 pp.).

Terminations growth rates decomposition
q/q same period of previous year, %, including:

by regions



by industries

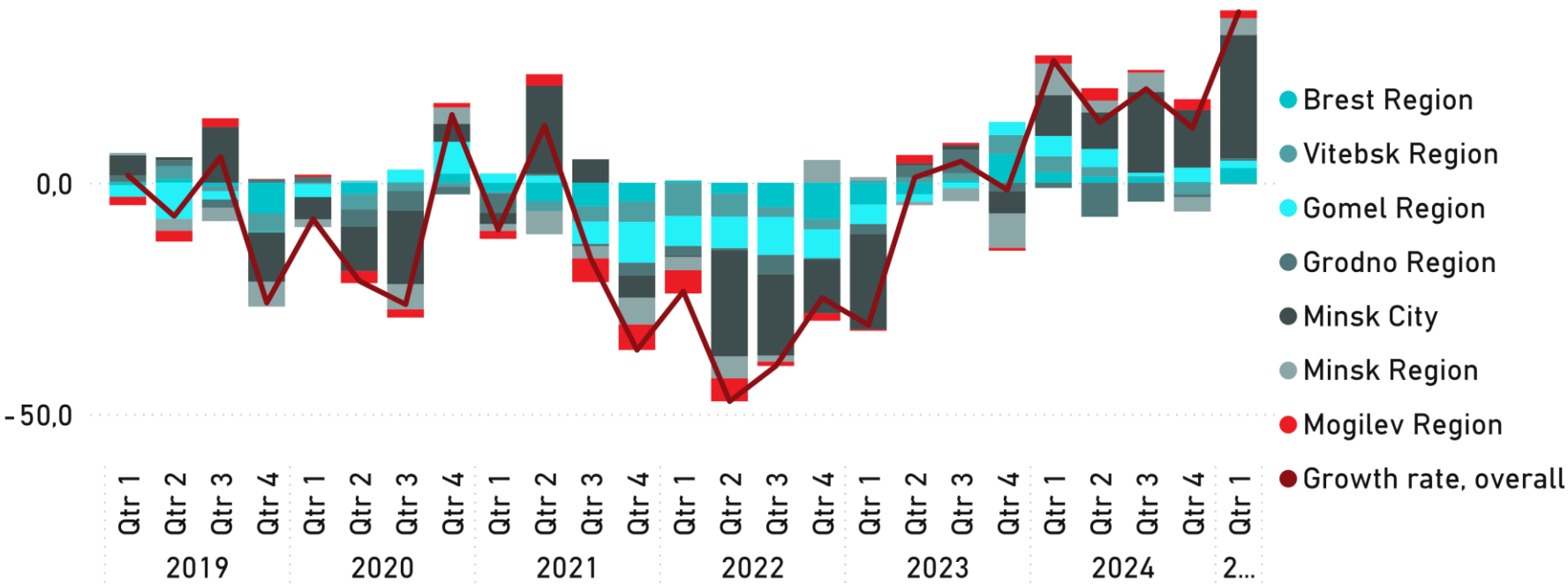


Note. Switching to year-over-year growth rates and their decomposition by factors helps address the issue of seasonality; the value of such growth differs from that of the original seasonally adjusted series. Source: calculated basing on Belstat data.

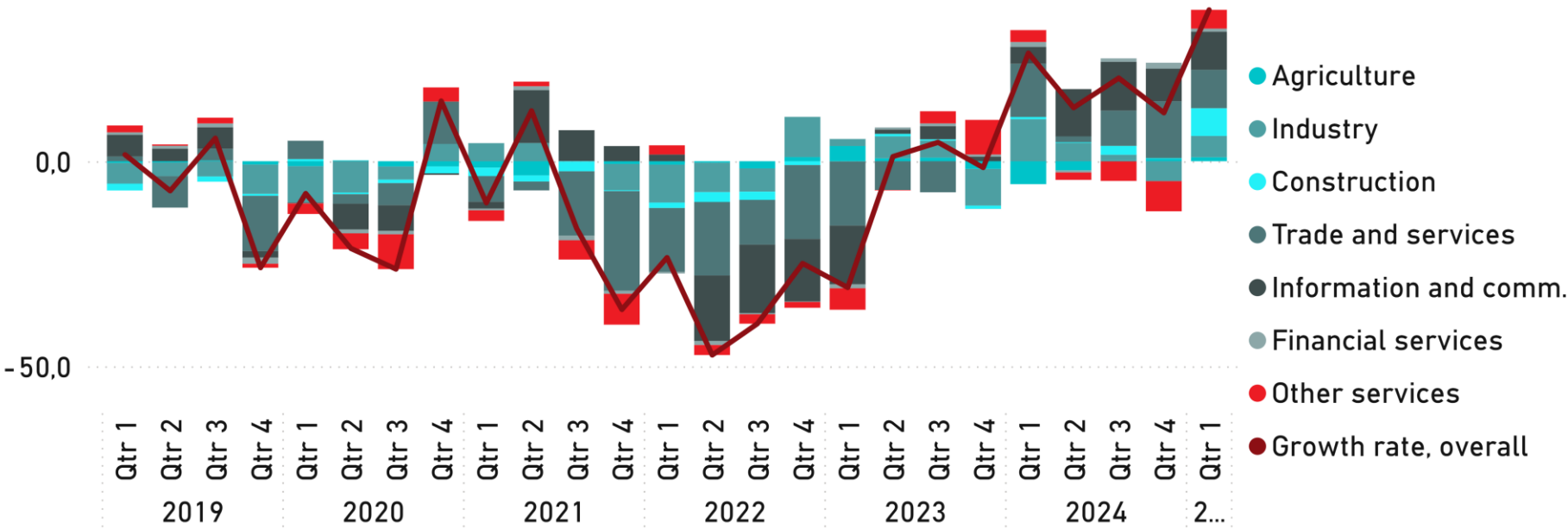
Additional workplaces were created relatively evenly across industries, but with a re-gional imbalance. The number of additional workplaces in QI-2025 increased by 36,93% compared to the same quarter of the previous year. Minsk City was the undisputed leader in regional contribution, accounting for 26,68 pp., or 72,2% of the total increase. The only region with a slight negative contribution was Vitebsk region (-0,03 pp.). The contribution of industries to creation of additional workplaces was more evenly distributed; among the leaders were trade and services (9,36 pp.), information and communication (9,29 pp.), and construction (5,18 pp.), which together accounted for 68,9% of the total growth.

Additionally introduced workplaces growth rates decomposition
q/q same period of previous year, %, including:

by regions



by industries



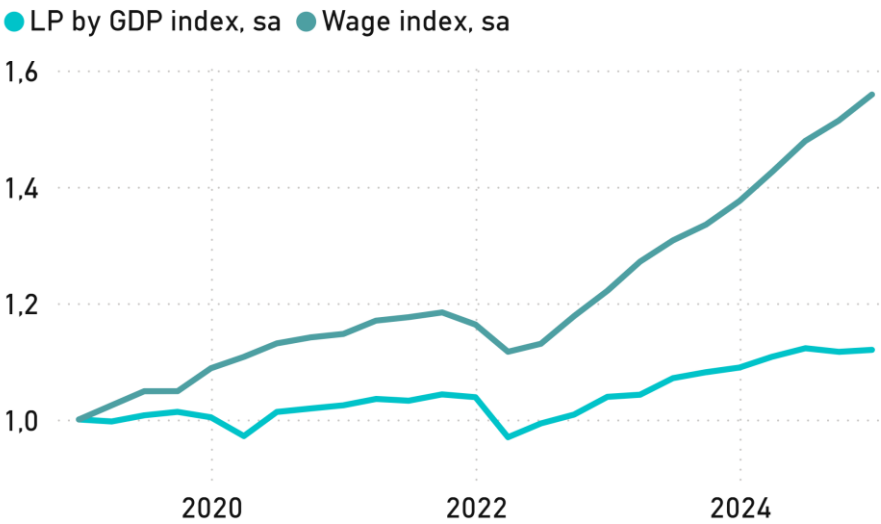
Note. Switching to year-over-year growth rates and their decomposition by factors helps address the issue of seasonality; the value of such growth differs from that of the original seasonally adjusted series. Source: calculated basing on Belstat data.

Thus, in Q1-2025, the main labor market dynamics have been driven by the Minsk City at the regional level, and on industrial level — primarily by trade and services, as well as other services. Slower dynamics were observed in the Vitebsk and Gomel Regions, and among sectors — in agriculture and industry.

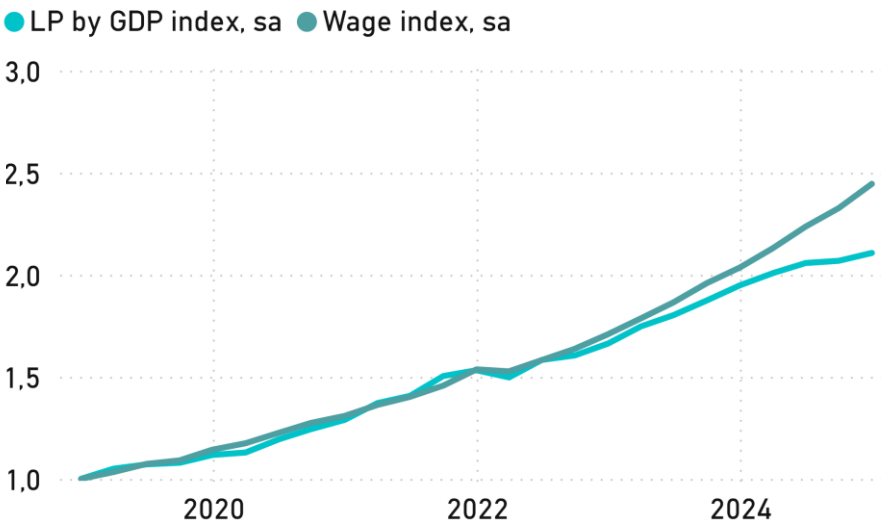
Labour compensation costs continue to rise

Labor productivity and wage dynamics
Base indices (Q1-2019 = 1), seasonally adjusted

in real terms



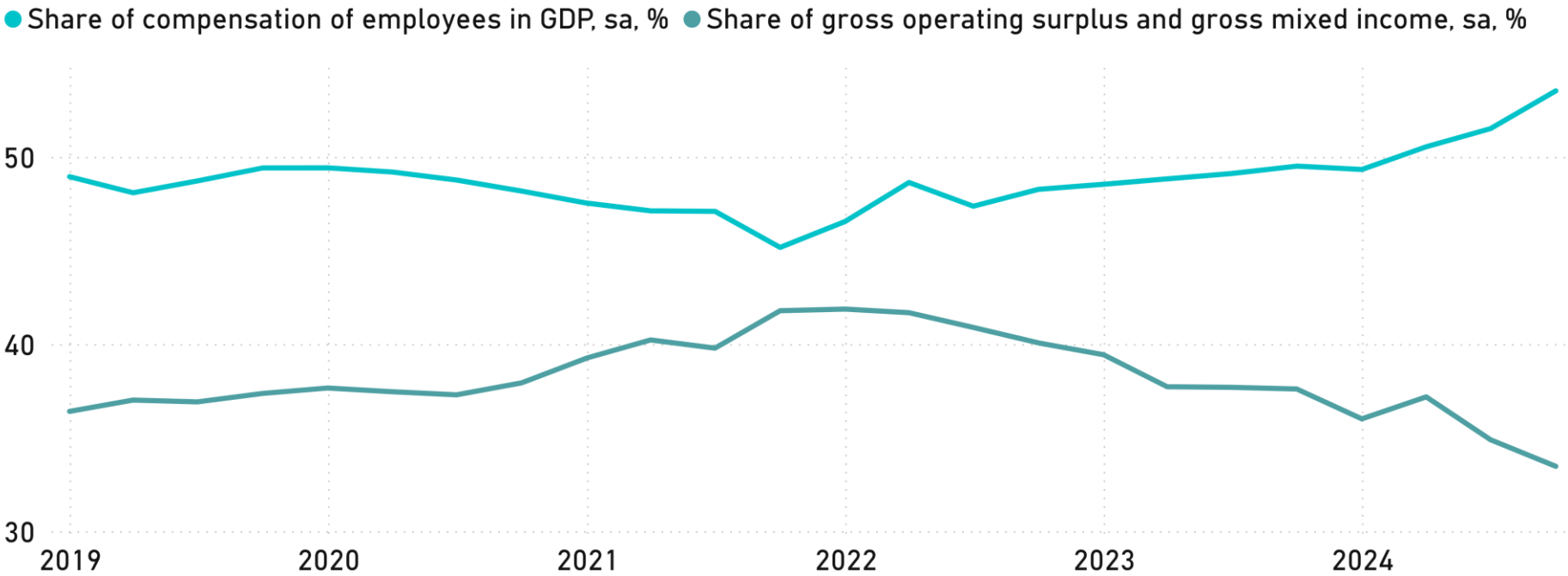
in nominal terms



Source: calculated basing on Belstat data.

The gap between wage growth and labour productivity (hereinafter – LP) continues to widen both in real and nominal terms. In Q1-2025, the seasonally adjusted average accrued real wage increased by 2,96%, while the seasonally adjusted average real LP in terms of GDP rose by 0,31% compared to the previous quarter. The accelerated wage growth remains a consequence of increasing labour market tightness, where wage levels continue to be a key factor affecting firms' ability to attract workers.

Dynamics of shares of compensation of employees and gross mixed income in GDP structure



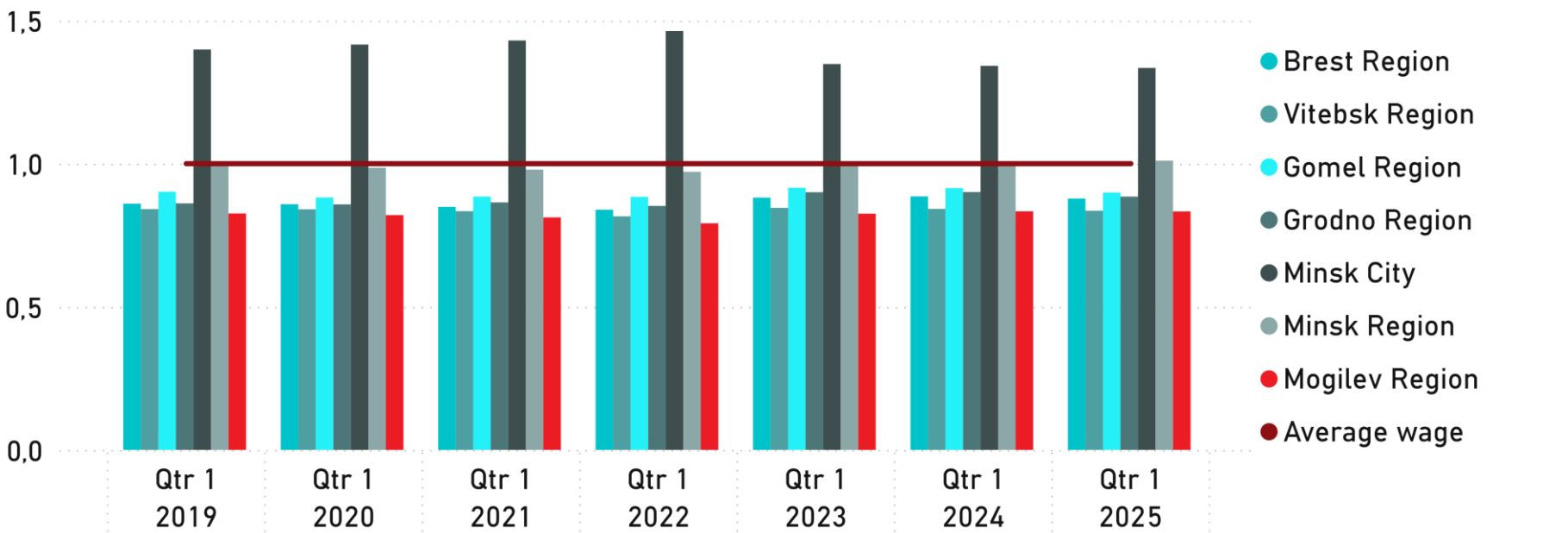
Note: The data are provided with a one-quarter lag due to the publication schedule. Source: calculated basing on Belstat data.

As a result, accelerated wage growth continues to limit the capacity of organizations to expand. In Q4-2024, the upward trend in the share of compensation of employees in GDP structure persisted, reaching 53,5% of GDP in seasonally adjusted terms by the end of the quarter. At the same time, the share of gross operating surplus and gross mixed income in GDP continued to decline, amounting to 33,5% of GDP in seasonally adjusted terms.

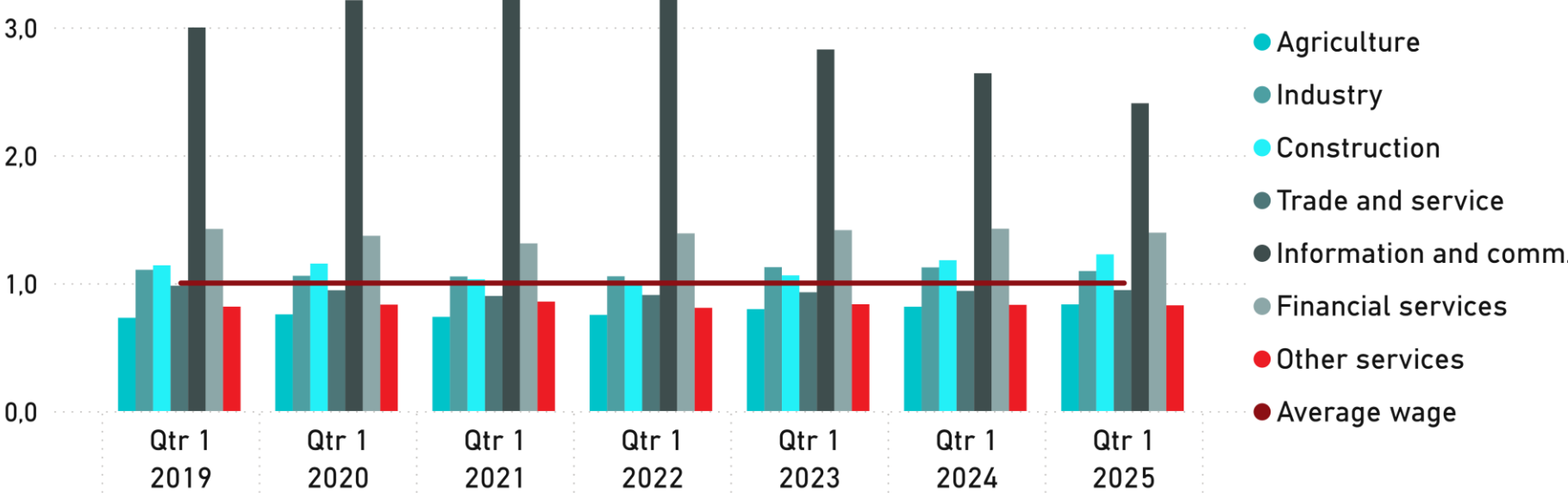
Relative nominal average monthly wage

Average wage in economy = 1

in regions



in industries

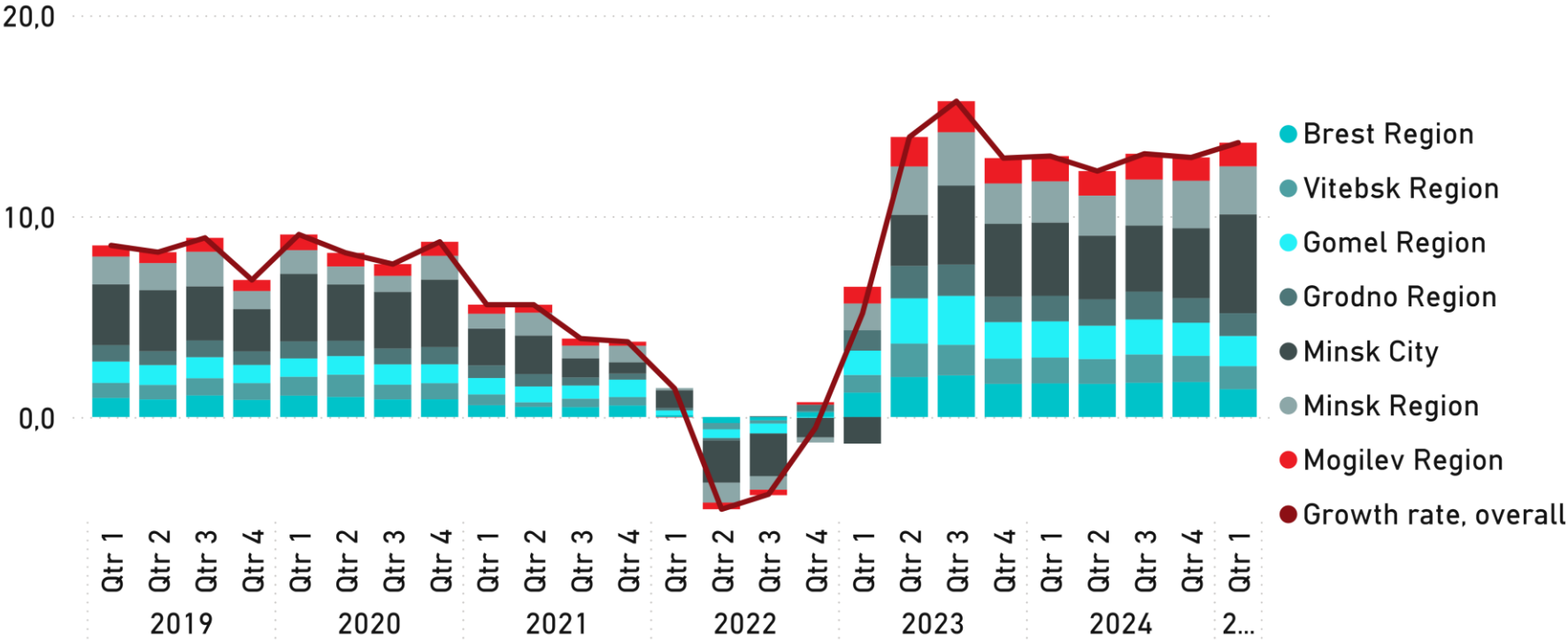


Note: The relative wage indicator is calculated as the ratio of the nominal accrued average monthly wage in a given sector or region to the corresponding countrywide average, seasonally adjusted. Source: calculated basing on Belstat data.

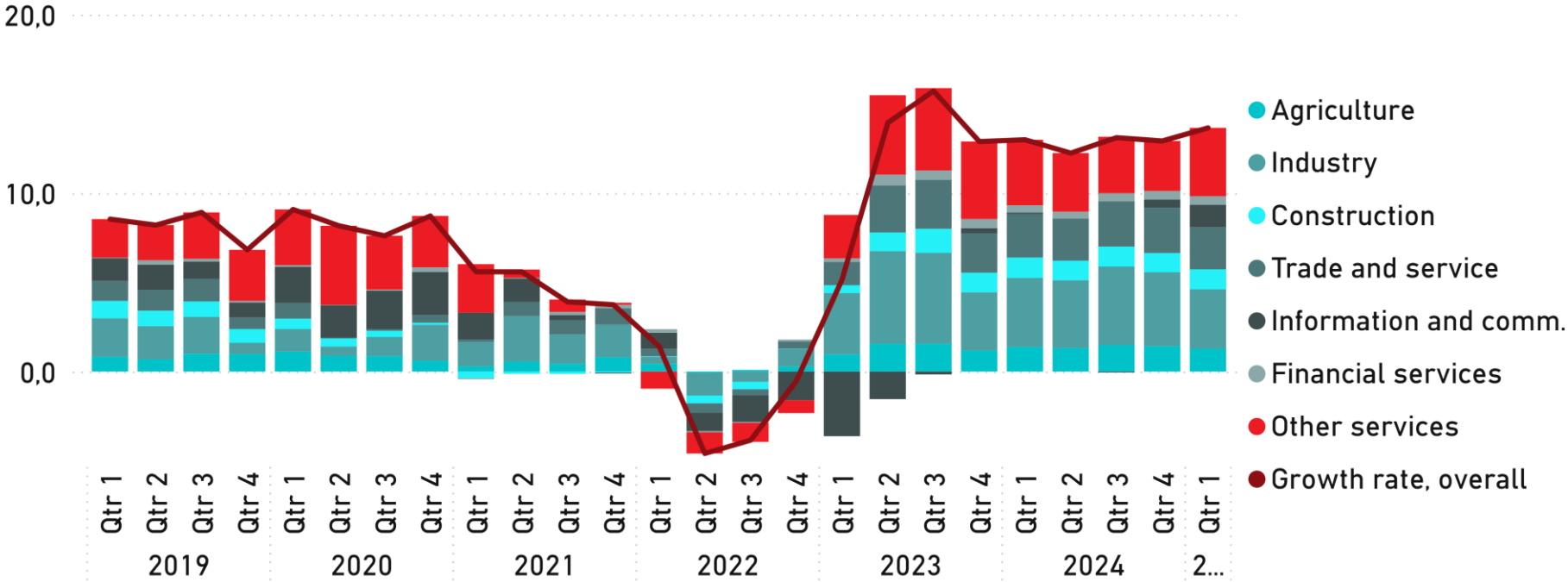
Regional disparities have remained largely unchanged; relative wages in information and communication continue to decline. Among the regions, Minsk City (1,33 times) and Minsk region (1,01 times) maintain their leadership in wage levels; otherwise, the structure of relative wages has remained practically unchanged compared to the same quarter of the previous year. By industry, information and communication continue to lead (2,41 times), although wage growth in the sector is slowing. Relative wages in financial services and industry have slightly decreased, while construction maintains a moderate upward trend. In industries with relative wages below the national average, this indicator has remained at previous levels.

Real wage growth decomposition⁵
q/q same period of previous year, %, including:

by regions



by industries



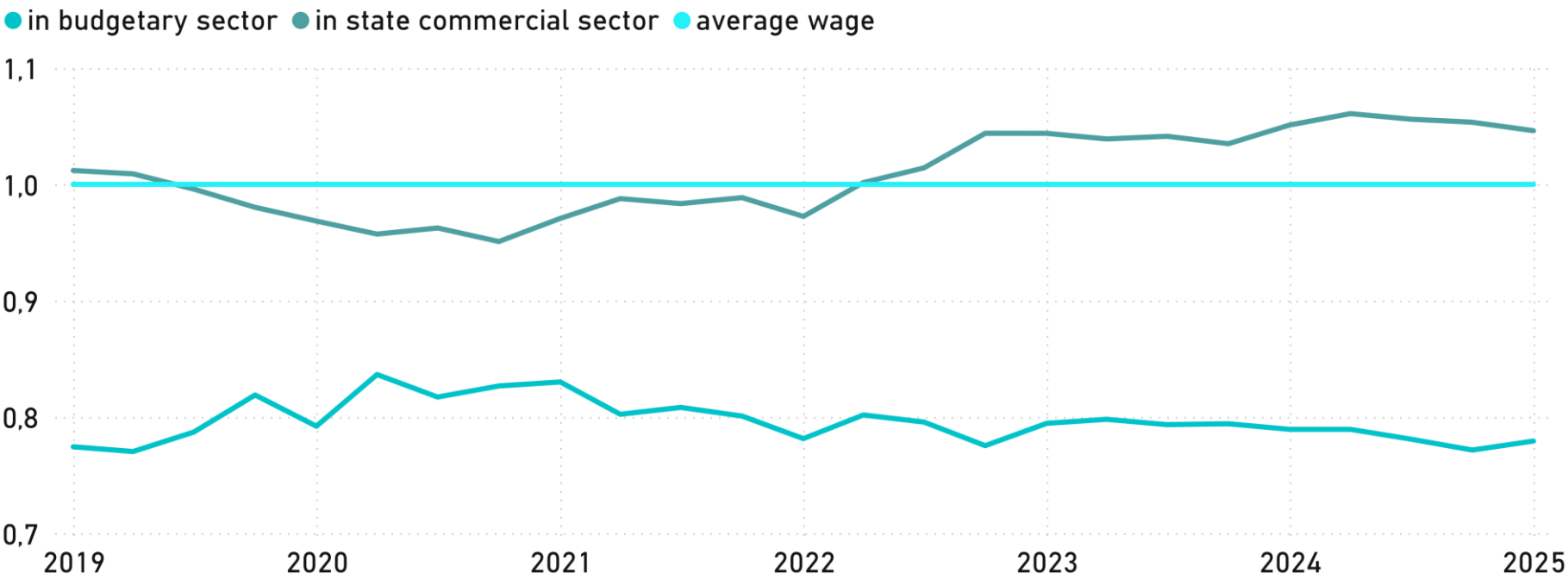
Note. Switching to year-over-year growth rates and their decomposition by factors helps address the issue of seasonality; the value of such growth differs from that of the original seasonally adjusted series. Source: calculated basing on Belstat data.

Real wage growth has continued across all regions and sectors. The increase in real wages in Q1-2025 compared to the same quarter of the previous year has amounted to 13,66%. The largest regional contributions to real wage growth have come from the Minsk City (4,92 pp.) and the Minsk Region (2,39 pp.), while contributions from other regions haven't exceed 1,5 pp. Among sectors, the main contributions are other services (3,83 pp.), industry (3,33 pp.), and trade and service (2,37 pp.), which together accounted for 69,8% of the total increase.

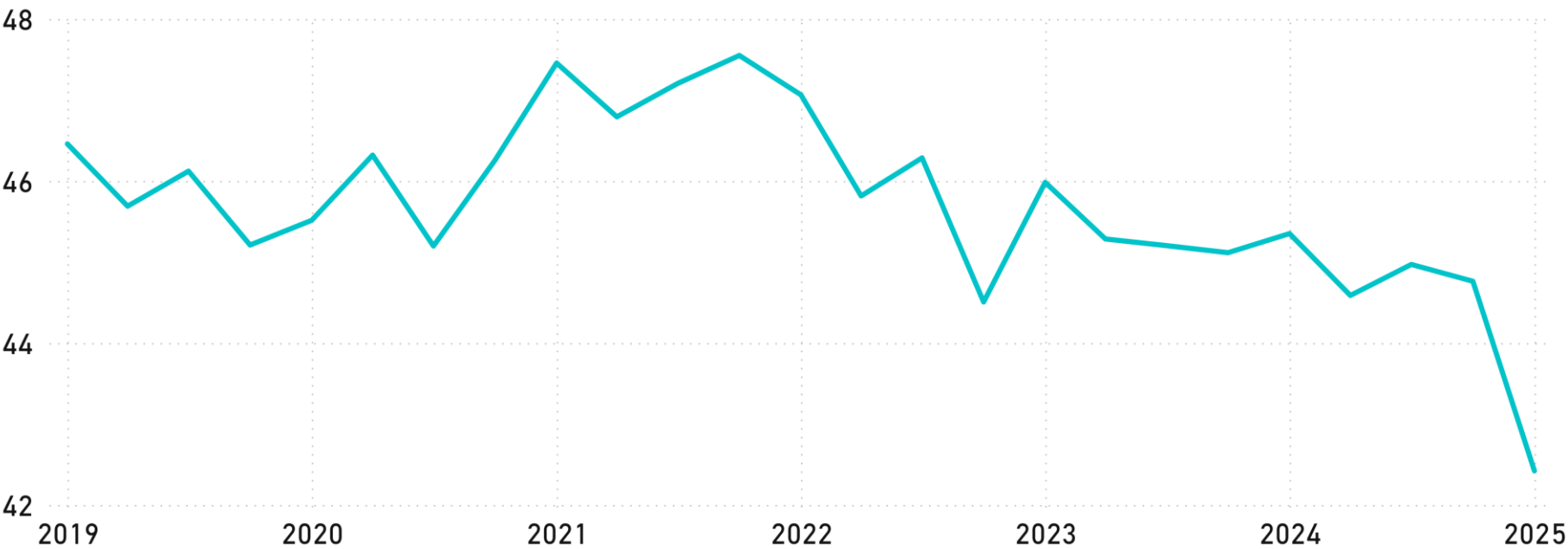
Employment in the state sector is growing slower despite wage levels

Relative nominal average wage in state sector

average wage in economy = 1



Share of payroll number of employees of state commercial sector in overall payroll number of employees, %



Notes. 1) The public commercial sector refers to commercial organizations with state ownership or a state ownership share. 2) Wage indicators are seasonally adjusted. Source: calculated basing on Belstat data.

Despite the positive employment dynamics in the economy as a whole, negative trends persist in the state sector. The average real wage in the state commercial sector in QI-2025, adjusted for seasonality, increased by 3,03% compared to the previous quarter and amounted to 104,6% of the average nominal wage in the economy. For the first time in a long while, the payroll number of employees in the state commercial sector grew — by 0,11% over the quarter. However, due to the overall employment growth in the economy, which reached 5,64% for the quarter (presumably driven by the transition of some individual entrepreneurs into legal entities), the share of the payroll number of employees in the state sector fell to its lowest level for the observed period — 42,4%.

In the budgetary sector in QI-2025, the real wage grew faster than the economy-wide average — 4,66% versus 2,96% compared to the previous quarter, adjusted for seasonality. As a result, the average wage in the budgetary sector amounted to 77,9% of the average nominal wage in the economy, also seasonally adjusted.

Notes and Comments

- ¹ Seasonal adjustment is applied to remove the seasonal component from the data, which does not carry significant information but can distort the true trend. The seasonal adjustment procedure is performed using JDemetra+ software with the X13-ARIMA-SEATS or TRAMO-SEATS methods, depending on the quality of the series adjustment. Explanations regarding the seasonal adjustment methods are available upon request.
- ² For more detailed information on the changes in legislation regarding job vacancy postings, please refer to the [source](#) (available in Russian only).
- ³ Labour market tightness refers to a situation where, despite the increase in the number of vacancies, the labour supply remains relatively low, leading to a shortage of workers. A tight labour market is characterized by low unemployment and high demand for labour, which creates difficulties for firms in finding and hiring new employees.
- ⁴ In the bulletin the types of economic activities listed in the Nomenclature of Economic Activities (hereinafter – NACE-2011) have been grouped into industrial categories. The correspondence table between industrial groups and types of economic activities is provided below.

| Industrial group | Economic activities according to NACE-2011 classification, included in industrial group |
|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Agriculture | A «Agriculture, forestry and fishing» |
| Industry | B «Mining and quarrying», C «Manufacturing», D «Electricity, gas, steam, hot water and air conditioning supply», E «Water supply; waste management and remediation activities» |
| Construction | F «Construction» |
| Trade and service | G «Wholesale and retail trade; repair of motor vehicles and motorcycles», H «Transportation, storage, postal and courier activities», I «Accommodation and food service activities» |
| Information and communication | J «Information and communication» |
| Financial services | K «Financial and insurance activities», L «Real estate activities» |
| Other services | M «Professional, scientific and technical activities», N «Administrative and support service activities», O «Public administration», P «Education», Q «Human health and social work activities», R «Arts, sports, entertainment and recreation», S «Other service activities» |

⁵The model for real wage growth decomposition by regional (industry) factors is as follows:

$$\Delta W_t = \frac{\sum_{i=1}^n WF_{i,t}}{\sum_{i=1}^n PNE_{i,t}} / \frac{\sum_{i=1}^n WF_{i,t-4}}{\sum_{i=1}^n PNE_{i,t-4}} \times 100 - 100,$$

where:

i – regional (industrial) index;

t – reporting quarter index;

ΔW_t – value of the average real wage growth in the reporting quarter;

$WF_{i,t}$ – real wage fund in the region (industry) in the reporting quarter;

$PNE_{i,t}$ – payroll number of employees in the region (industry) in the reporting quarter.