



German  
Economic  
Team

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**POLICY BRIEFING**  
**BELARUS**

# Recent developments in the Belarusian car market

by Alessio Fotia, Dr Justina Budginaite-Froehly, and Robert Kirchner

# Executive summary

- » Strong decline in the BLR market for new cars in 2022 due to economic stagnation, emigration, supply-side disruptions linked to the stop of production of Western brand cars in RUS and strong RUB; partial recovery in 2023
- » Market for used cars apparently not affected, but available data also include re-sales by individuals to Russia and are thus distorted
- » Strong production expansion of the Belarusian-Chinese car manufacturer “BelGee”, exported over 50 thsd. cars (mainly to RUS) and became the market leader in BLR in 2023 (71% market share)
- » Declining presence of Western cars in BLR, substituted by Chinese brand cars, mainly domestically produced Geely; other Chinese manufacturers are entering the market as well via imports
- » Strong increase in car imports from the EU (and China), both in volume and in prices, seems at odds with domestic market development in BLR
- » In particular, imports of expensive cars from the EU cast doubts on the final domestic destination of those imports, and raise questions about potential re-export to RUS in contravention of EU sanctions

# Structure

1. Introduction
2. Domestic demand
3. Domestic production
4. Domestic car market restructuring
5. Imports
6. Imports from the EU
7. Outlook

# 1. Introduction

## Background

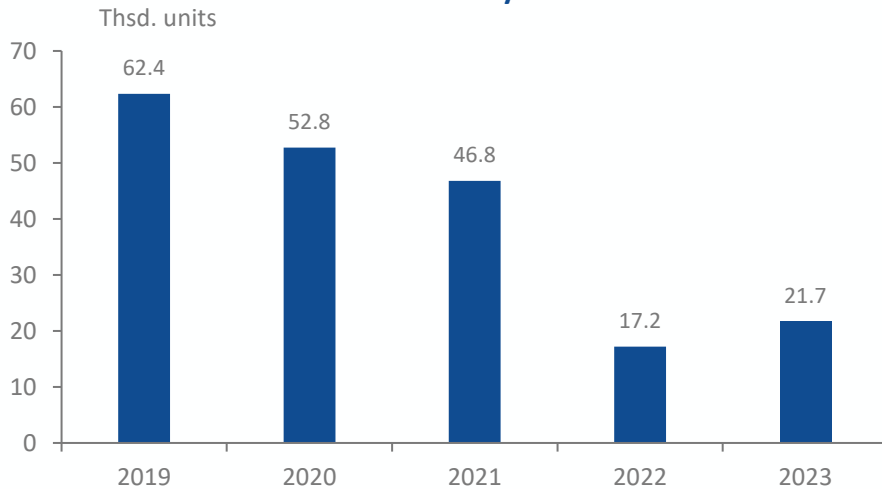
- » With the outbreak of RUS war against UKR, most Western producers stopped their activities in RUS; Russian producers were confronted with supply chain difficulties
- » Imports from RUS encompassed 80% of BLR car imports, thus the BLR car market had to undergo a dramatic restructuring to meet domestic demand
- » “BelGee”, a Belarusian-Chinese joint venture, is the only domestic production facility of passenger cars in BLR, producing cars under the Chinese Brand “Geely”; stark production and export increase in 2023
- » At the same time, BLR imports from the EU surged to a level that is add odds with pre-war trends

## Purpose of this Policy Briefing

- » Analyse recent developments in the BLR car market

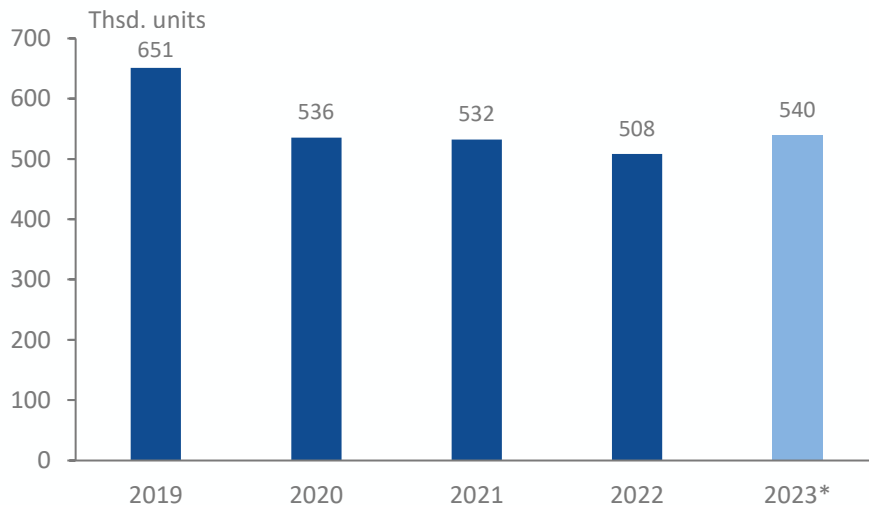
## 2. Domestic demand

### New car sales dynamics



Source: Belarus Automobile Association

### Used car sales dynamics



Source: av.by, including resale by individuals to Russia, \*estimate

### New cars

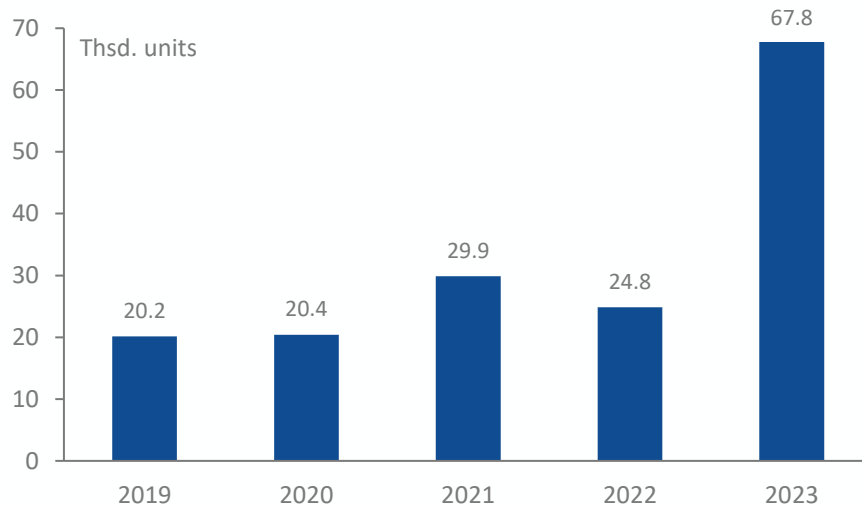
- » Continuous decline in new car sales followed by a dramatic drop in 2022
  - Cars produced in RUS (RUS and Western brands) covered about 80% of the market
  - Western brands stopped production in RUS, RUS brands had severe supply chain problems due to sanctions
- » New car sales were growing again in 2023 but still reached only less than half of the 2021 level

### Used cars

- » No exact numbers for transactions on the market for used cars, but sales ads for used cars show no substantial decline
- » In 2023 they were likely slightly above the 2021 figure
  - But: data on used cars includes resales by individuals to RUS
- **Strong decline in the market for new cars, but no apparent impact on the market for used cars**

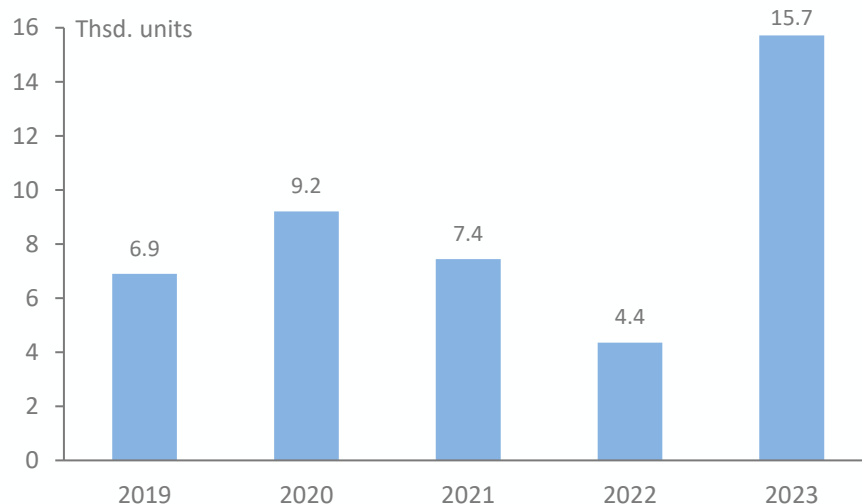
## 3. Domestic production

Domestic production of Geely cars of “BelGee”



Sources: Belstat, media

Sales of Geely cars in BLR

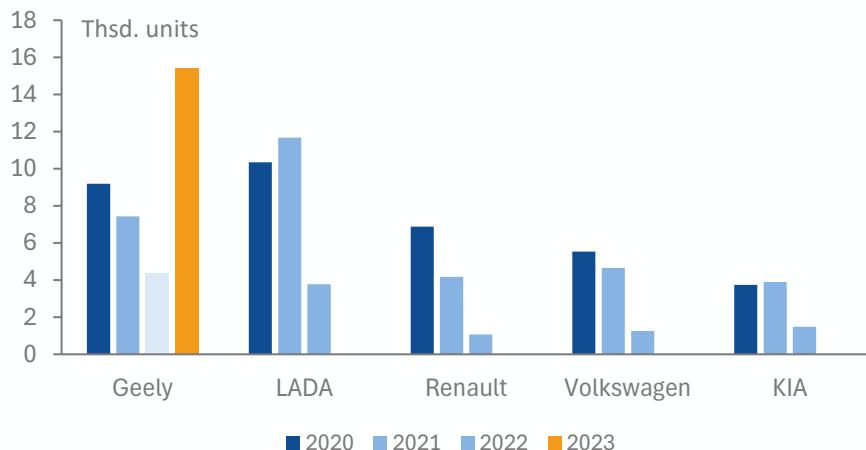


Source: Belarus Automobile Association

- » Domestic production of passenger cars exclusively from the “BelGee” plant
- » “BelGee”: Belarusian-Chinese joint venture producing cars of the Chinese “Geely” brand
- » Established in 2011, active since 2013, further expanded in 2017; focus on BLR and RUS market
- » 2023: strong expansion of production
  - Introducing new car models as substitute for Western brand cars
  - Increase in sales on the domestic market
  - Around 52,000 cars (77% of production) exported to RUS
- “BelGee” is expanding its production capacities (volume and range of models) with a focus on the RUS market

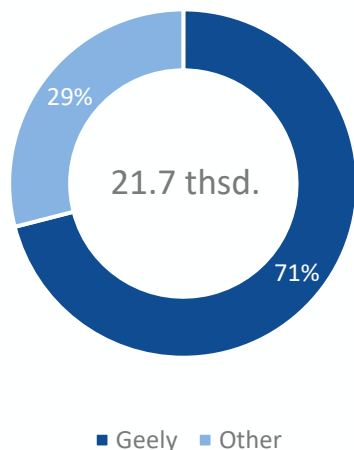
# 4. Domestic car market restructuring

New car sales: TOP-5 brands



Source: Belarus Automobile Association

Domestic market for new cars in 2023



Source: Belarus Automobile Association

## Before 2022

- » RUS brand LADA dominating; Renault, VW, KIA - most popular Western brands

## 2022

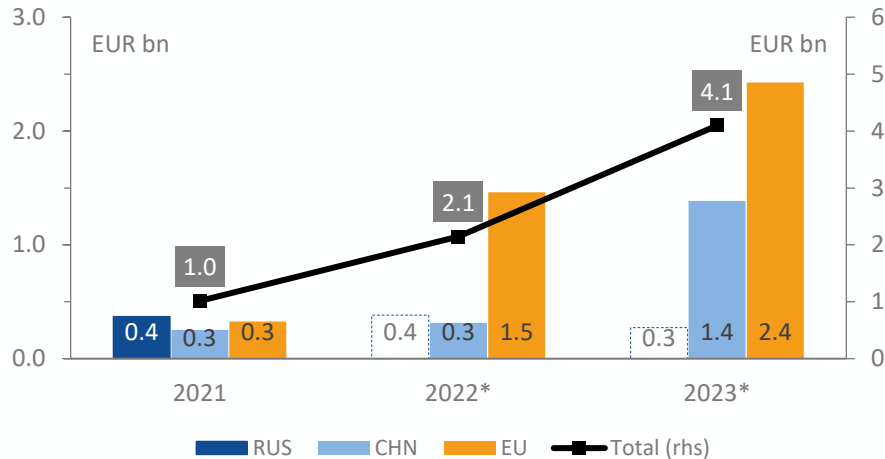
- » Sales of Geely cars fell due to decline in production linked to EU sanctions
- » Lower demand of LADA due to strong RUB and higher demand in RUS
- » Lower supply of Western brands due to their stop of production in RUS facilities in 1H2022
- » Increase of import of Western car brands from the EU instead

## Recent developments

- » In late 2022/2023 a new model line based on CHN cars was formed; supply of components was redirected
- » New CHN brands (e.g. Voyah, Jetour, FAW Bestune, Aeolus) are entering the market
- » Geely reached a market share of 71% in 2023
- CHN cars dominate BLR new car market

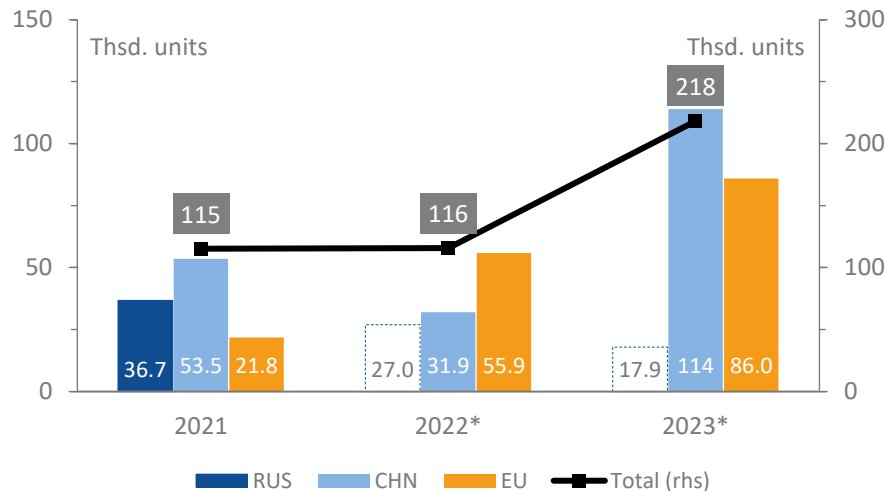
# 5. Imports

## Import dynamics



Sources: Comtrade, customs.gov.cn, autostat.ru. Note: After 2021 values for RUS are estimates

## Physical volume of imports by origin



Source: Comtrade, customs.gov.cn, autostat.ru. Note: After 2021 values for RUS are estimates

## 2022

- » Total number of imported cars stalled, doubling of import volumes from the EU, compensating for the decline of imports from CHN and RUS
- » Higher import value due to higher unit prices

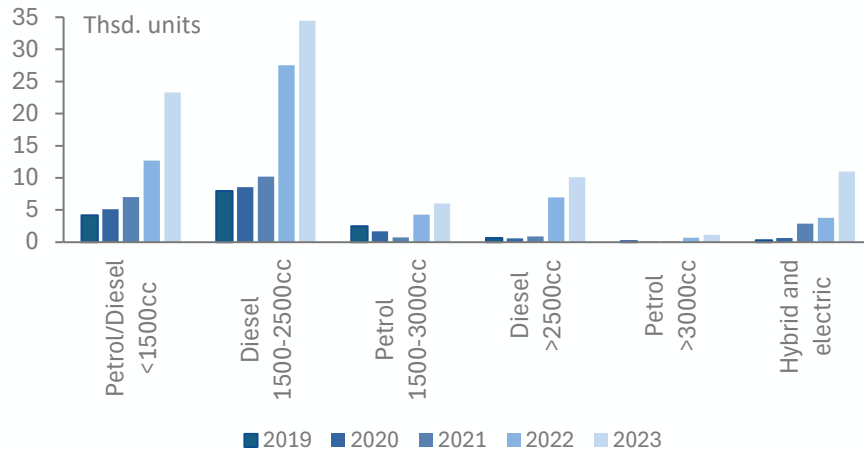
## 2023

- » Value four times higher than in 2021, due to an increase in both price and quantities
  - Average price of cars imported from the EU rose from EUR 15,000 to EUR 28,000
  - Average price of car imports from CHN rose from EUR 4,700 to EUR 12,200
- » Imports from CHN: both Chinese brands and Western brands produced in CHN
- » Imports of the EU
  - 80% of imports are used cars
  - Majority of imports from DEU, LTU, and POL
- Drastic increase in imports from the EU (DEU, LTU, POL) and CHN since 2022



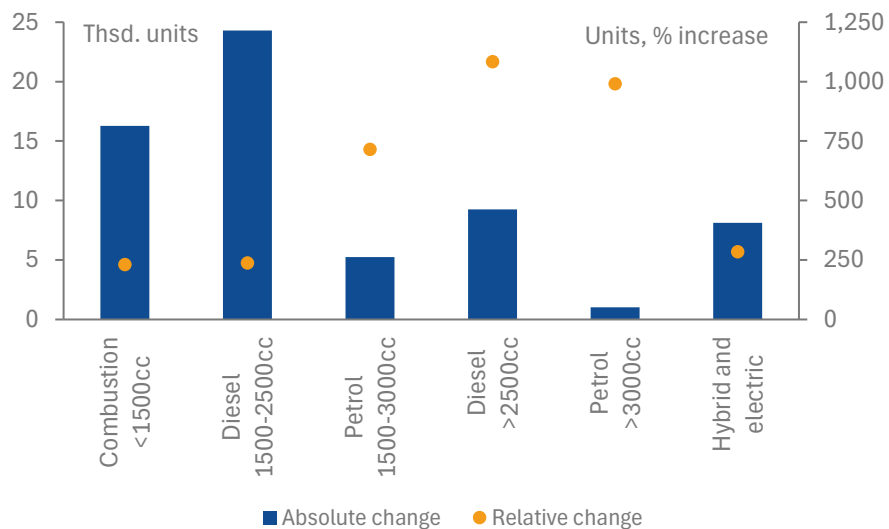
## 6. Imports from the EU

EU export to Belarus



Source: Eurostat

Change of 2023 in comparison to 2021



Source: Eurostat

- » The highest **absolute increase in physical volume** due to imports of petrol cars below 1500cc and diesel cars below 2,500cc (41 of the 64 thsd. increase)
- » But: the highest **relative increase in physical volume** was for the upper segment, whose cars have a substantially higher unit price
- » Thus: the **increase in value** due to the lower segment was EUR 0.7 bn, while imports of the more expensive cars caused EUR 1.4 bn, i.e. 2/3 of the increase in total value
- » The increase in expensive car imports is at odds with the economic situation in BLR and domestic car market developments
- » Possible re-export to RUS, as luxury car (re-)exports to RUS are under EU sanctions
- **Strong increase in the value of EU imports due to the growth of car imports attributable to the upper market segment**
- **Re-export to RUS possibly in contradiction to EU sanctions; needs separate investigation**

## 7. Outlook

- » While the massive restructuring of the Belarusian domestic car market in light of the ongoing RUS war against UKR is no surprise, the steep increase of BLR car imports from the EU is at odds with these developments
- » Due to highly restricted access to trade data in BLR and RUS, developments in their bilateral trade are hard to analyse
- » Current EU sanctions against RUS and BLR are not aligned in the area of trade in luxury goods, thereby creating opportunities to circumvent RUS sanctions through BLR
- » Imports of passenger cars from the EU to BLR seem not in line with the development of the Belarussian economy and could be driven by re-exports to RUS
- » To assess the probability of sanctioned car re-exports to RUS a more detailed analysis would be necessary

# About the German Economic Team

Financed by the Federal Ministry for Economic Affairs and Climate Action, the German Economic Team (GET) advises the governments of Ukraine, Belarus\*, Moldova, Kosovo, Armenia, Georgia and Uzbekistan on economic policy matters. Berlin Economics has been commissioned with the implementation of the consultancy.

*\*Advisory activities in Belarus are currently suspended.*

## CONTACT

Justina Budginaite-Froehly, Project Manager Belarus

[budginaite@berlin-economics.com](mailto:budginaite@berlin-economics.com)

### German Economic Team

c/o BE Berlin Economics GmbH

Schillerstraße 59 | 10627 Berlin

Tel: +49 30 / 20 61 34 64 0

[info@german-economic-team.com](mailto:info@german-economic-team.com)

[www.german-economic-team.com](http://www.german-economic-team.com)

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