



Eurasian
Development Bank

MACROECONOMIC OUTLOOK 2025–2027



June 2025



MACROECONOMIC OUTLOOK

JUNE 2025

2025

Economic activity in the region remains high



GDP growth in 2025

Inflation slows down in RF, RT, RU, accelerates in RA, RB, RK, KR

7.7%

Aggregate inflation in the region at the end of 2025

CBR begins to cut the key rate in Q2 2025, NBRK keeps its rate unchanged

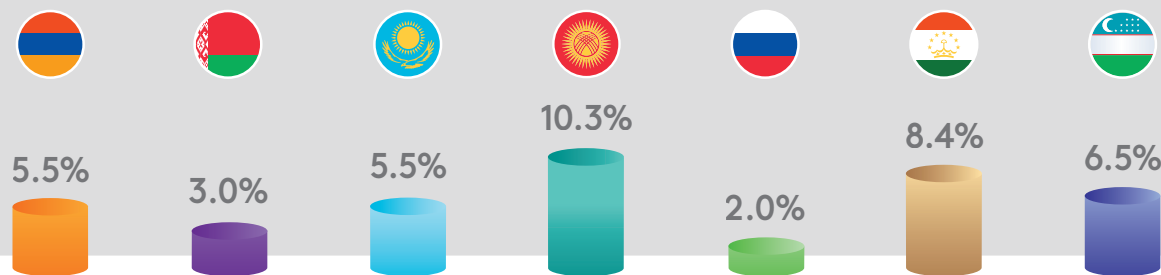
18%

Key rate in Russia at the end of 2025

16.5%

Base rate in Kazakhstan at the end of 2025

GDP growth in 2025



Inflation (at the end of the year, %)

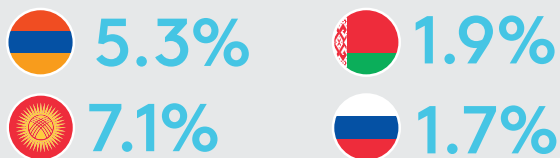


Exchange rate to U.S. dollar (the year's average)



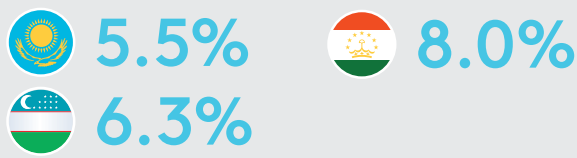
2026

Economic activity slowing down after a period of rapid growth



GDP growth in 2026

Steady growth in Kazakhstan, Tajikistan, and Uzbekistan



Gradual reduction of inflation to target levels in the absence of additional shocks

6.5%

Aggregate inflation in the region at the end of 2026

Interest rate reduction

≈13%

Key interest rate in Russia at the end of 2026

≈14.5%

Base rate in Kazakhstan at the end of 2026

Vinokurov, E., Kuznetsov, A., Sharafutdinov, A., Berdigulova, A., Fedorov, K., Dolgovechny, A., Babajanyan, V. (2025) *Macroeconomic Outlook 2025–2027. June 2025*. Almaty: Eurasian Development Bank.

Authors

Evgeny Vinokurov, Chief Economist, EDB, vinokurov_ey@eabr.org

Alexey Kuznetsov, Head of Analytical Work Directorate kuznetsov_as@eabr.org

Artur Sharafutdinov, Head of the Center for Country Analysis, Directorate for Analytical Work, sharafutdinov_ar@eabr.org

Aigul Berdigulova, Senior Analyst, Center for Country Analysis, Directorate for Analytical Work, berdigulova_ar@eabr.org

Konstantin Fedorov, Senior Analyst, Center for Country Analysis, Directorate for Analytical Work, fedorov_ks@eabr.org

Anton Dolgovechny, Senior Analyst, Center for Country Analysis, Directorate for Analytical Work, dolgovechny_ap@eabr.org

This document includes a detailed description of current internal and external macroeconomic conditions, as well as a coordinated forecast. The analysis considers the existing interrelationships between the economies of Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Uzbekistan, and their major trading partners. The forecast of macroeconomic indicators is prepared by the EDB using an integrated model system based on a multi-country structural dynamic macroeconomic general equilibrium model. More detailed information on this system is presented in the joint report of the EDB and the EEC (EDB, 2016).

Keywords: economic growth, forecast, GDP, inflation, exchange rate, demand, monetary policy, budget, interest rate, investment

JEL: E17, F15, F31, H62, O11.

The document is for information purposes only and cannot be regarded as a recommendation to buy or sell financial instruments. Neither the information contained in the document nor any other information relating to the subject matter of this document that may be disseminated in the future may be used as the basis for any contract. Notwithstanding the care with which the document has been prepared, no analyst, director, manager, officer, employee, counterparty of the EDB makes any warranty or representation, expressed or implied, and assumes no liability whatsoever with respect to the reliability, accuracy or completeness of the information contained in this research document. The EDB expressly disclaims responsibility and liability in connection with any information in this document. Any information contained in the paper is subject to change at any time without notice.

Reprinting of the text for non-commercial purposes, in whole or in part, including large fragments, and posting of the text on external electronic resources is permitted with an obligatory reference to the original text.

An electronic version of the document can be found at <https://eabr.org/analytics/ceg-quarterly-reviews>.

© Eurasian Development Bank, 2025

TABLE OF CONTENTS

SUMMARY	5
EDB MEMBER STATES	6
FROM THE CHIEF ECONOMIST	7
REPUBLIC OF ARMENIA	17
Current situation	18
Forecast	20
Risks	22
REPUBLIC OF BELARUS	23
Current situation	24
Forecast	26
Risks	28
REPUBLIC OF KAZAKHSTAN	29
Current situation	30
Forecast	32
Risks	34
KYRGYZ REPUBLIC	35
Current situation	36
Forecast	38
Risks	40
RUSSIAN FEDERATION	41
Current situation	42
Forecast	44
Risks	47
REPUBLIC OF TAJIKISTAN	49
Current situation	50
Forecast	52
Risks	54
REPUBLIC OF UZBEKISTAN	55
Current situation	56
Forecast	58
Risks	60
REFERENCES	61
ABBREVIATIONS	62
GLOSSARY	63

SUMMARY

The global economy is expected to slow down in 2025 due to weakening demand caused by increased uncertainty and protectionism. Deteriorating consumer confidence and business expectations will lead to a slowdown in business activity in the US, where GDP growth will slow from 2.8% in 2024 to 1.4% in 2025. Limited growth in the eurozone will be caused by weakening demand dynamics in external markets due to trade confrontations. GDP growth will slow to 0.6% in 2025, down from 0.9% in 2024. Growth in the Chinese economy will remain close to the 5% target in 2025 due to domestic demand stimulation. Inflation in developed economies will accelerate in the medium term due to higher costs associated with tariff increases. However, given depressed economic activity, we expect the Federal Reserve to cut the Fed Funds rate to 4% by the end of 2025, while the ECB keeps its rate at 2%.

Aggregate GDP in the EDB region is expected to grow by 2.7% in 2025, following growth of 4.5% in 2024. This forecast for the first time includes Uzbekistan, as a new member of the Bank. Due to the specific impact of external conditions and the countries' differing stages in the economic cycle, forecasts for individual countries in the region have been revised. For Belarus, the forecast GDP growth rate has been raised to 3% in 2025, thanks to strong results at the beginning of the year and the expected expansion of credit support for investment. Rising gold prices, increased household consumption, and robust investment demand have led to an upward revision of the GDP growth forecast for Kyrgyzstan (to 10.3%), while the forecast for Tajikistan remains unchanged at 8.4%. Kazakhstan's GDP is expected to grow by 5.5% in 2025, by just as much as it was predicted earlier, amid government measures to unlock investment potential. The recovery of remittances and stimulating budgetary policy meant that the GDP growth forecast for Armenia could be left unchanged at 5.5% in 2025. Russia's economic growth has been lowered to 2% amid declining export revenues and record interest rates, which led to the cooling of overheated domestic demand in Q1 2025. GDP growth in Uzbekistan is projected at a robust 6.5%, driven by rising household incomes and an active investment policy that contributes to the country's sustainable development.

Inflation in the EDB region is expected to slow to 7.7% in 2025, down from 8.9% in 2024. A prolonged period of high interest rates and ruble appreciation in Russia will lead to a slowdown in price growth to 7.5% in 2025, down from 9.5% in 2024. Higher tariffs for housing and communal services will cause price growth to accelerate in Kazakhstan to 11.9% in 2025 (compared to 8.6% in 2024), and in Kyrgyzstan to 7.3% (compared to 6.3% in 2024). In Belarus, inflationary processes will accelerate due to pressure from domestic demand and higher inflation in Russia. With the gradual weakening of administrative regulation, price growth will reach 7.7% in 2025, up from 5.2% in 2024. Inflation in Armenia and Tajikistan will remain within the target ranges, reaching 3.1% and 3.3%, respectively, by the end of 2025. Monetary policy measures previously adopted in Uzbekistan will slow price growth to 8.1% in 2025, down from 9.8% in 2024.

EDB MEMBER STATES

↓ Table 1. EDB forecast. Main macroeconomic indicators of the Bank's member states (*baseline scenario*)
% growth compared to the previous year, unless otherwise stated

Indicator	2023	2024	2025 F	2026 F	2027 F
Republic of Armenia					
GDP in constant prices	8.3	5.9	5.5	5.3	5.0
Inflation (<i>at the end of the period</i>)	-0.6	1.5	3.1	3.0	2.5
IBL (<i>annual average</i>), %	10.4	8.1	7.0	6.5	6.0
Armenian dram to U.S. dollar exchange rate (<i>annual average</i>)	393	392	392	402	403
Republic of Belarus					
GDP in constant prices	4.1	4.0	3.0	1.9	1.5
Inflation (<i>at the end of the period</i>)	5.8	5.2	7.7	8.9	7.5
Refinancing rate (<i>annual average</i>), %	9.5	9.5	9.5	9.5	9.5
Belarusian ruble to U.S. dollar exchange rate (<i>annual average</i>)	3.00	3.25	3.28	3.69	4.01
Republic of Kazakhstan					
GDP in constant prices	5.1	4.8	5.5	5.5	5.5
Inflation (<i>at the end of the period</i>)	9.8	8.6	11.9	10.5	6.5
TONIA rate (<i>annual average</i>), %	16.4	13.8	15.8	15.1	11.5
Kazakhstan's tenge to U.S. dollar exchange rate (<i>annual average</i>)	456	469	513	527	545
Kyrgyz Republic					
GDP in constant prices	9.0	9.0	10.3	7.1	6.0
Inflation (<i>at the end of the period</i>)	7.3	6.3	7.3	6.8	6.6
7-day Repo rate (<i>annual average</i>), %	11.4	7.6	4.5	5.9	6.7
Kyrgyzstan's som to U.S. dollar exchange rate (<i>annual average</i>)	88.0	87.1	87.5	89.7	91.9
Russian Federation					
GDP in constant prices	4.1	4.3	2.0	1.7	1.5
Inflation (<i>at the end of the period</i>)	7.4	9.5	7.5	5.8	4.5
Key rate (<i>annual average</i>), %	9.9	17.5	20.1	14.7	10.5
Russian ruble to U.S. dollar exchange rate (<i>annual average</i>)	85.8	92.7	90	105	110
Republic of Tajikistan					
GDP in constant prices	8.3	8.4	8.4	8.0	7.1
Inflation (<i>at the end of the period</i>)	3.8	3.6	3.3	5.5	6.1
Refinancing rate (<i>annual average</i>), %	10.5	9.3	8.5	9.4	11.1
Tajikistan's somoni to U.S. dollar exchange rate (<i>annual average</i>)	10.8	10.8	11.1	11.5	11.9
Republic of Uzbekistan					
GDP in constant prices	6.3	6.5	6.5	6.3	6.4
Inflation (<i>at the end of the period</i>)	8.8	9.8	8.1	6.8	5.4
Base rate (<i>annual average</i>), %	14.3	13.8	13.9	12.4	11.1
Uzbekistani sum to U.S. dollar exchange rate (<i>annual average</i>)	11,735	12,652	13,200	14,100	14,500

Note: Here and in the rest of the tables F means forecast.

Source: national agencies of EDB member states, EDB analysts' calculations.

FROM THE CHIEF ECONOMIST

WORLD ECONOMY: CURRENT SITUATION, FORECASTS, AND IMPACT ON THE EDB REGION OF OPERATIONS

Risks to global economic growth have increased significantly. A new wave of turbulence caused by U.S. tariff policy has led to greater uncertainty, which is being exacerbated by geopolitical tensions. Global value chains are under pressure once again. The growth rate of the global economy is declining. This is pushing down global commodity prices, yet inflation remains a concern. The reasons for this are the growing isolationism and fragmentation of the global economy.

Global business activity began to show signs of slowing down at the end of the first quarter of 2025, amid growing uncertainty following the announcement of tariff hikes by the US. Leading indicators are signaling a slowdown in global economic growth. The global manufacturing PMI fell into contractionary territory (49.8 points) in April 2025 for the first time in 12 months, having declined for two consecutive months. A weakening of business activity has been noted in many major economies, with a number of countries already experiencing output declines. The U.S. announcement in early April of an increase in tariffs unprecedented since the late 1930s has further increased the risk of global trade conflicts. The full consequences will only be apparent once sustainable agreements between countries are reached. However, the negative impact on the global economy is already apparent, regardless of further developments (see [box](#)).

The U.S. economy has entered a period of slow growth. GDP growth was 2.1% year on year (YoY) in the first quarter of 2025, down from 2.5% YoY in the previous quarter. At the same time, a 0.3% quarter-on-quarter (QoQ) contraction was recorded against the previous quarter — the first such contraction since Q2 2022. This was primarily due to a 0.7% quarter-on-quarter decline in government spending, resulting from budget optimization and the freezing of some federal grants. Household consumption growth, the key driver of the economy since the second half of 2023, also slowed down, increasing by only 1.2% quarter-on-quarter (QoQ) in Q1 2025, compared to 4% QoQ in Q4 2024. The main reason for this slowdown is increased uncertainty caused by the new U.S. tariff policy, namely the increase in tariffs on imports from most countries. Against this background, business activity indicators are declining. The composite PMI fell to 51.2 in April 2025. While this remains above the neutral level of 50 and indicates an increase in activity, it is the lowest level in 16 months. We expect household spending growth to continue slowing against the backdrop of a significant decline in consumer confidence. In 2025, confidence fell by 7.9 points to 86 points (similar to levels seen during the pandemic). In the baseline scenario, we therefore expect U.S. economic growth to slow to 1.4% in 2025, which is 0.2 percentage points below the previous forecast. This would be the lowest level in 20 years, excluding crisis periods such as 2008 and 2020.

The euro area economy continued to recover, with growth amounting to 1.2% -year (YoY) in Q1 2025, the same as in Q4 2024. This was driven by consumption, with retail turnover increasing by 1.5% year-on-year in March, following a 1.9% increase in February 2025. Thanks to rising household incomes amid a strong labor market, consumer spending is growing. In March 2025, the unemployment rate in the euro area was 6.2%. This is an all-time low and noticeably below the natural rate of 6.7% (Ruzickova, 2023). Another growth driver was the export of goods, which increased by 7.8% year-on-year in the first quarter of 2025. The increase in shipments to the U.S. played a significant role in this: companies sought to export as much as possible before new customs tariffs were introduced in order to reduce costs, temporarily revitalizing foreign trade. Consequently, manufacturing activity did not decline as quickly as it might have. While the manufacturing PMI remained below the neutral level of 50, which separates growth from contraction, it did rise by 4 points from December 2024 to reach 49 in April 2025. Given the continued uncertainty, we believe that export growth and the intensification of industrial production are temporary. We expect business activity to decline and private consumption to contract. Consequently, the growth of the eurozone economy will slow to 0.6% by the end of 2025. In the medium term, GDP may be supported by increased government spending on defense and dual-use infrastructure. This is emerging as a new growth driver in Europe.

China's economy continued to grow at a rate above that targeted by the government. Growth in Q1 was an impressive 5.4% year-on-year — the same as in Q4 of 2023. Exports of goods increased by 5.8% year-on-year during this period, driven by anticipation of higher U.S. tariffs. The expectation of the intensification of the trade dispute boosted industrial production, with growth reaching 6.5% year-on-year in Q1 of 2025. However, according to our estimates, this dynamic will not be sustainable. There is still a probability of production contraction. In April, the industry business activity index (PMI) fell to 49 points, indicating business activity contraction and reaching the lowest level since the start of 2024. The sharp drop in new industry orders in April 2025 also suggests a potential slowdown in production following strong growth in February and March.

China's economic authorities intend to maintain their policy of stimulating domestic demand. The plan is to issue 3 tn yuan in bonds (equivalent to around 2.1% of GDP) to invest in equipment modernization, support high-tech industries, and boost domestic consumption. In May 2025, the discount rate will be lowered again. A comprehensive package of measures to boost consumption will be adopted, including increases of the minimum wage, childcare subsidies, and support for the pension program. A number of institutional reforms are planned to ensure equal market access for enterprises of all ownership types, protect investors' rights, and support enterprise innovation. Given these conditions, we forecast that China's economy will grow by around 5% by the end of 2025.

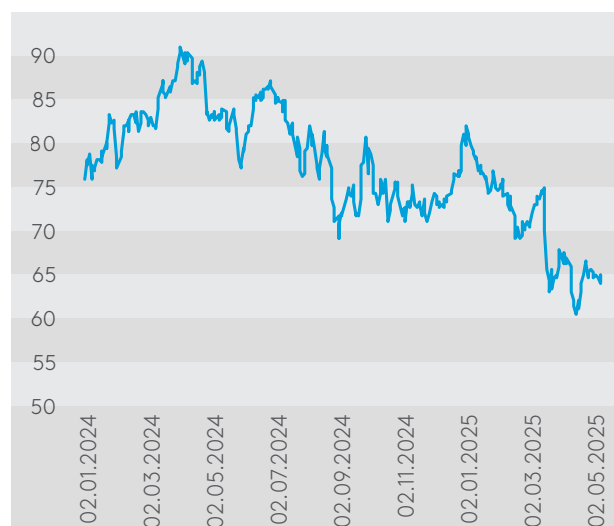
Amid the slowdown in developed economies, it is the large emerging economies that will drive the global economy forward. In India, for example, GDP grew by 7.4% year-on-year in Q1 2025, which was the highest growth rate since Q2 2024. This growth was driven by strong agricultural performance, among other things, which contributed to an increase in real incomes of 6% year-on-year. Strong consumer demand also led to record construction growth of 10.8% year-on-year. According to IMF forecasts, India's economy could be the fourth largest in the world by the end of 2025 (IMF, 2025). Southeast Asian countries are also maintaining high growth rates: Vietnam (+6.9% year-on-year) and Indonesia (+4.9% year-on-year). In Latin America, GDP increased in Argentina (+2.1% year-on-year) and Brazil (+2.9% year-on-year). Despite increased turbulence in the global economy, these countries have grown thanks to expanding investment and consumer demand. Continued reliance on domestic sources in developing countries will support global economic growth.

The growth of isolationism will have a significant negative impact on inflation worldwide. Despite the slowdown in the first quarter of 2025, inflation in developed countries remained above target. In early April 2025, the U.S. presidential administration's imposed tariffs led to a sharp decline in prices for a number of key commodities. For instance, between 1 and 9 April, the price of oil fell by 12.1%, copper by 11.5%, and aluminum by 8.7% (see Figure 1). This demonstrates that tariff conflicts can lead to price declines, including sharp ones, in commodities. Lower global prices, especially for energy, will help to contain global inflation; however, higher customs duties and disruption to logistics chains will lead to higher domestic prices. The speed at which the inflation targets are reached will largely depend on the sustainability of the agreements reached on tariff levels.

U.S. inflation has slowed, but remains above the target rate. In April 2025, the price growth rate was 2.3% year-on-year (vs. 2.9% in December 2024), the lowest rate since early 2021. The main reason for this was lower energy prices (-11.5% year-on-year). Core inflation stood at 2.8% year-on-year in April 2025. Although this is the lowest level since March 2021, the rate remains above the target of 2%. At the same time, the balance of risks remains pro-inflationary, with increased customs tariffs and migration restrictions creating conditions for stronger price growth. **We expect inflation in the U.S. to accelerate to 3% year-on-year by the end of 2025** and to remain above the target throughout the forecast period.

↓ Figure 1: Selected commodity prices, dollars per unit

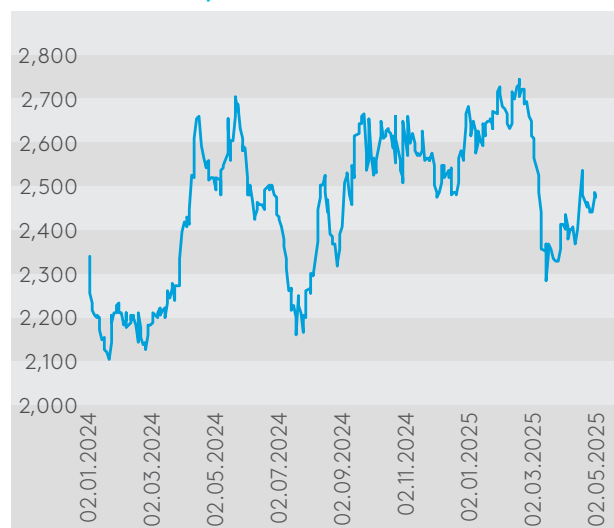
Oil, USD per barrel of Brent



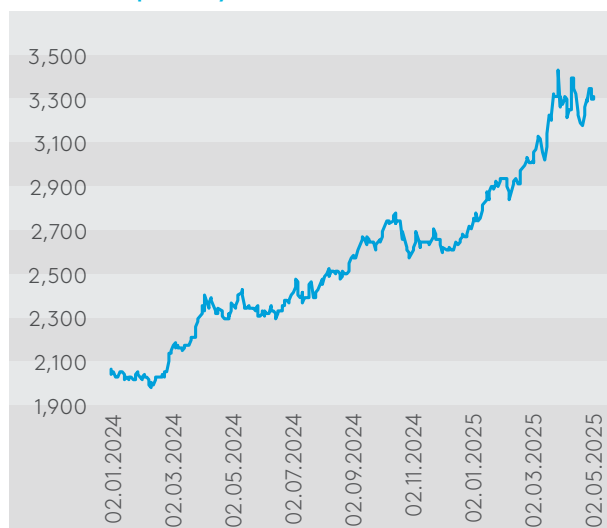
Copper, USD per metric ton



Aluminum, USD per metric ton



Gold, USD per troy ounce



Source: CEIC data

Despite the decline in the inflation rate, inflation risks in the eurozone remain. Price growth slowed to 1.9% year-on-year (YoY) in May 2025 versus 2.4% YoY in December 2024, which is below the ECB's target. This was mainly due to the decline in energy prices (-3.6% year-on-year) and, to a lesser extent, the strengthening of the euro. However, sustained inflationary pressures remain, with core inflation above the target at 2.3% YoY in May, driven by higher food prices. Lowering interest rates and increasing government spending to stimulate economic growth could cause inflation to rise above the ECB's 2% target. **We forecast that price growth in the eurozone will be around 2.3% year-on-year by the end of 2025, and a return to 2% is unlikely before 2026–2027.**

↓ Table 3: Forecasts of the main international trade indicators (*baseline scenario*)

Indicator	2023	2024	2025F	2026F	2027F
Oil price (\$/bbl annual average)					
Brent	83	80	67	63	64
Urals	63	68	56	56	58
GDP growth (%)					
U.S.	2.9	2.8	1.4	0.8	1.6
Eurozone	0.4	0.9	0.6	0.5	1.1
China	5.4	5.0	4.9	4.4	4.0
Inflation (% , annual average)					
U.S.	4.1	2.9	3.0	2.5	2.3
Eurozone	5.4	2.4	2.3	2.4	2.2
Key interest rates (% , annual average)					
Fed	5.0	5.1	4.1	3.6	2.2
ECB	3.9	3.7	2.3	2.4	2.3

Sources: 2023–2024 — data from IMF, World Bank, U.S. Federal Reserve System, ECB. 2025–2027 — EDB analysts’ forecasts.

The U.S. Federal Reserve will continue to take a conservative approach to reducing the key rate after keeping it at 4.5% in May. This is the third decision to leave the rate unchanged since the beginning of the year, made against a backdrop of increased inflation risks. In the context of rising rates, active monetary easing appears challenging: price growth could accelerate due to increased import and production costs, despite weakening economic activity. We believe that the Fed will cautiously lower the interest rate towards its neutral level, which we estimate to be **around 4% by the end of 2025**.

Real interest rates in the eurozone approached zero. In early 2025, the ECB continued its monetary easing cycle. In June 2025, the monetarily relevant overnight deposit rate was lowered to 2%, close to the current annual inflation rate. This took place against a backdrop of slowing price growth and subdued economic activity. The intensification of pro-inflation risks is expected to halt the process of interest rate cuts this year. Given the projected acceleration in price growth, **we anticipate that the ECB will resume a cycle of increasing interest rates in 2026**.

We expect the average price of Brent crude oil to be around \$67 per barrel in 2025. The growing supply, in addition to the slowdown in oil demand growth due to the global economic slowdown, will also have a negative impact. OPEC+ countries are increasing production. Meanwhile, Canada, Guyana, and Brazil are introducing new production capacity. This will lead to growth in the supply of oil, exceeding growth in demand. Oil prices are expected to stabilize at around \$63 per barrel in 2026–27.

However, given ongoing geopolitical tensions, the current discount level for Russian oil will remain in 2025, with an export price of around \$56 per barrel. We expect this discount to decrease in subsequent years, leading to a slight increase in Urals crude oil prices to around \$58 per barrel in 2027.

Demand for ferrous metals, and therefore the average price of these metals and iron ore, will decline by 13% year-on-year in 2025, followed by a further decline of 7% in 2026. However, due to the energy transition and increased production of microelectronics, global demand for non-ferrous metals such as copper and aluminum will continue to grow. Consequently, prices will not fall markedly.

Projected trends in the global economy and commodity markets pose an increased risk to economic growth in the EDB's region of operation. The dynamics of world commodity prices will impact the economies of individual countries differently. For instance, falling energy prices will reduce the export earnings of major oil exporters such as Kazakhstan and Russia; conversely, rising prices for non-ferrous and precious metals will benefit their producers (Armenia, Kyrgyzstan, Tajikistan, and Uzbekistan). As the region's largest economies are oil exporters, the combined impact of price changes and a slowdown in global demand growth will be rather negative. We estimate that the decline in global economic growth will negatively impact the region's total GDP growth by about 0.5 percentage points cumulatively over two years. The global increase in uncertainty will reduce investors' appetite for risk, limiting the region's ability to attract foreign capital despite lower global interest rates. However, the region has demonstrated a high degree of adaptability to the volatility of the external environment over the past few years. Focusing on domestic sources and unlocking domestic investment potential, as most governments are doing now, can support growth in the region's aggregate GDP and welfare.

Box 1. Tariff conflict: development scenarios, impact on EDB's region of operations

The tariff conflict between the U.S. and the rest of the world was a significant event in the first half of 2025, potentially foreshadowing something larger. Its impact on the global economy may be felt for a considerable period (see [Figure 2](#)).

Tariff increases can significantly affect growth, trade, income, and inflation.

This is indicated by both economic theory and empirical experience (see, for example, IMF, 2025; Caliendo et al., 2015; and Furceri et al., 2019). When a country raises tariffs, an increase in the cost of imports reduces real incomes. This leads to a decrease in domestic demand and consequently a fall in real GDP. Rising costs lead to accelerating inflation. Reduced demand for imports leads to a real appreciation of the currency of the country raising tariffs, as well as a limited improvement in its trade balance (limited because the impact of tariff

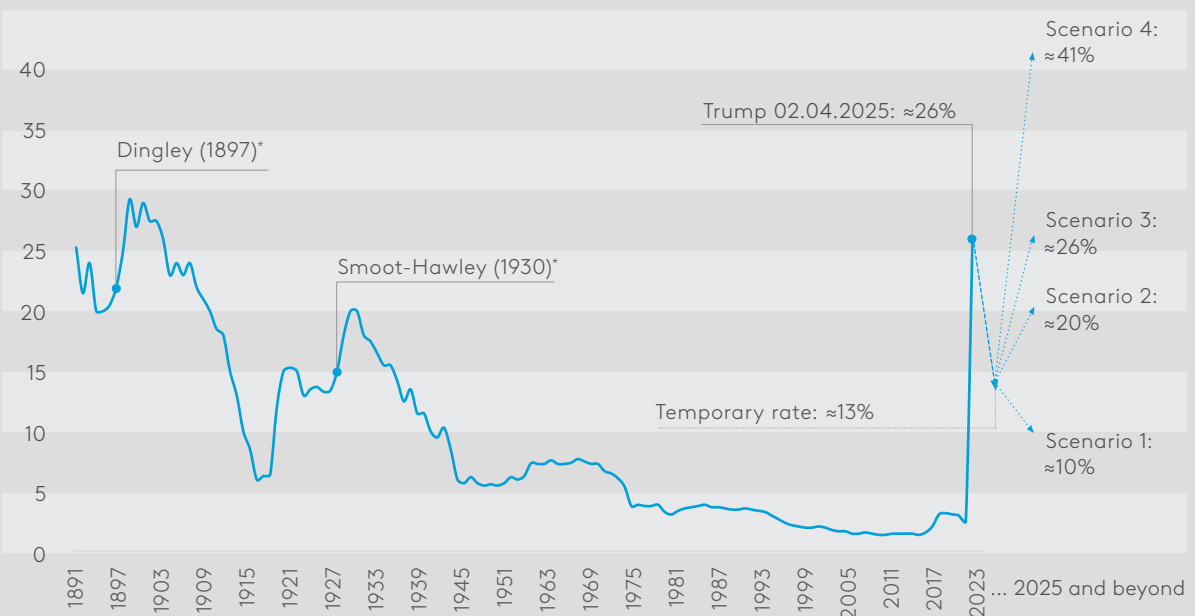
increases on import costs is partially offset by their impact on the exchange rate). Countries subject to tariff increases also face a fall in real incomes due to lower exports, a decline in real GDP, and the overall welfare of society. Higher tariffs negatively affect real exchange rates and trade balances. The impact of tariffs on inflation depends on exchange rate stability and other factors, including the degree of dollarization of foreign trade (when tariffs are raised by the U.S.).

The escalation of tariff conflicts will reduce the overall global 'pie'. While some companies, industries and intermediaries will benefit, overall global welfare will decline. Therefore, on average, everyone's share of the 'pie' will decrease. Those who are currently in favor of raising tariffs may be very disappointed because they have underestimated the knock-on effects and historical experience.

The tariff conflict continues to escalate. It began in February–March 2025, when the U.S. introduced increased tariffs against key trading partners (20% against China, 10–25% against Mexico and Canada). On 2 April 2025, the conflict became global in nature when the U.S. imposed high 'reciprocal' tariffs on most countries worldwide¹. Between April and May, the U.S. eased the pressure on most partners by reducing tariffs to a base level of 10% for 90 days².

There are several possible scenarios for how the situation could develop (see Figure 2).

↓ Figure 2. Average tariffs on imports in the United States



¹ Rates range from 10–50%, with a median of 25%.

² The period will end in July for most countries (August for China).

*Congressman Dingley's Act of 1897 was passed under President McKinley to protect American industry after a period of tariff reductions. This law greatly increased duties on many imported goods.

*Senator Smoot and Congressman Hawley's 1930 law was passed at the beginning of the Great Depression. It imposed high tariffs – about 60% – on about one-third of all imports into the United States. The law was intended to protect U.S. manufacturers, but it provoked retaliation from other countries and worsened the economic crisis.

Scenario 1 – limited tariff increases by the U.S. without retaliatory measures. Average tariff rate by the U.S. at 10%.

Scenario 2 is a relaxed version of the tariffs introduced on April 2, 2025. The average rate on the U.S. side is 20%.

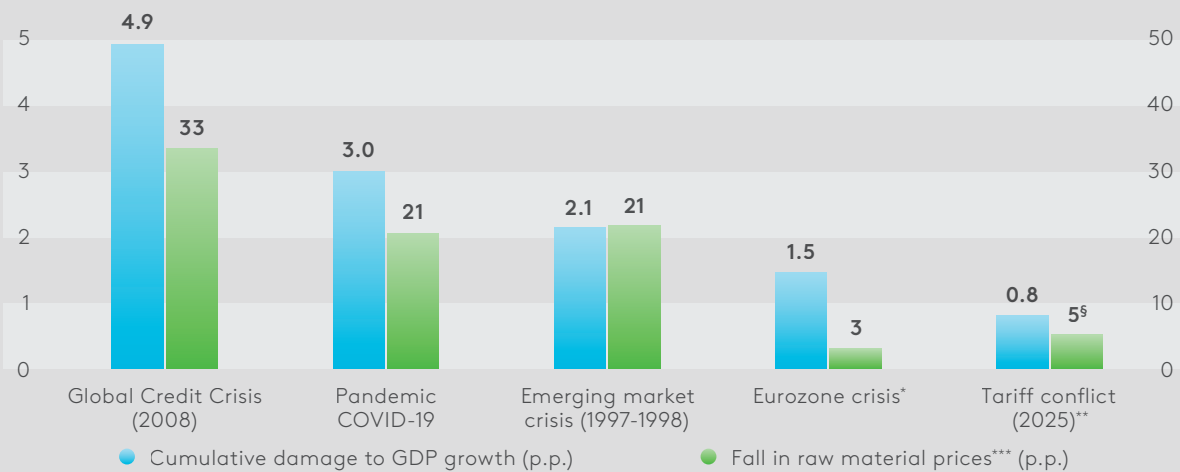
Scenario 3 – tariffs on April 2 + initial retaliatory measures. The average rate from the U.S. side will be 26%.

Scenario 4 is scenario 3 + barrier tariffs. The average tariff rate from the U.S. side is about 41%.

Source: EDB analysts' calculations based on IMF and media data

The cumulative negative impact of the tariff conflict on global economic growth could reach³ 0.8 p.p. over two years if events develop under **scenario 3** (average tariff of 26%). Other forecasts indicate similarly significant effects. For example, [Ai et al. \(2025\)](#) estimate that tariffs would have an impact of within 1 percentage point (p.p.) on the world's leading economies – the U.S., China, and the euro area – under **scenario 2** (average tariff of 20%). In terms of the expected impact on global GDP growth, **the tariff conflict is less significant than the four largest shocks of the last 30 years, although it is still quite substantial** (see [Figure 3](#)).

↓ **Figure 3. Impact of crises on global economic growth: accumulated damage over two years and changes in commodity prices**



* The beginning of the eurozone debt crisis is taken here as the third quarter of 2011.

** IMF forecast under scenario 3.

*** [The World Bank index](#) is used here as an indicator of world commodity prices.

§ The estimate is derived from the experience of the previous four crisis episodes, assuming a proportional impact of the crisis on world GDP and commodity prices.

Source: EDB analysts' calculations based on IMF data

³ IMF, 2025.

The impact of the tariff conflict on global commodity prices will be moderately negative. A cumulative reduction of 0.8 percentage points in global GDP growth over two years may be accompanied by a 5% drop in commodity prices.

For EDB member countries, the tariff conflict will be less of a shock than the major crises of 2000–2024. Table 2 presents quantitative estimates of the impact of the conflict on the GDP growth of EDB member countries in Scenario 3. Even significant tariff increases by the U.S. and other major economies would only have a limited impact on the region.

↓ Table 2. Impact of tariff conflict on the economies of EDB member countries, scenario 3

	Armenia	Belarus	Kazakhstan	Kyrgyzstan	Russia	Tajikistan	Uzbekistan
Cumulative effect over two years, p.p. GDP	-1.5	-0.4	-0.5	-0.6	-0.5	-0.7	-0.4

Source: EDB analysts' calculations based on the EDB's ISM.