

Belarus Minister Says Crisis Near End

By [The Moscow Times](#)

April 28, 2011

The  Moscow Times

Belarus, where the ruble fell 40 percent against the dollar last week, plans to unify exchange rates next month and lift currency restrictions "in the shortest time frame," Economy Minister Nikolai Snopkov said.

Doing away with multiple exchange rates may lead the currency to weaken beyond its "fair" value of about 3,800 per dollar, Snopkov said in an e-mailed reply to questions. The country doesn't need to restructure its foreign debt this year, he added.

"After unifying the exchange rates, the currency market will be able function as before," Snopkov said this week. "Belarus started to take steps to restructure the economy before problems emerged on the internal currency market. Perhaps we somewhat delayed these reforms."

The country, which is seeking a \$3 billion bailout led by Russia, is working to overcome a currency shortage that led to the ruble's plunge after the central bank lifted some restrictions for interbank trading on April 19. Lenders including Belarusbank, the nation's

largest, stopped selling foreign currency to customers.

Belagroprombank, the country's second-largest lender, traded the ruble at 5,100 per dollar on the interbank market on April 20. The central bank a day earlier lifted restrictions that prevented banks from deviating more than 10 percent from the official exchange rate. That compares with the 3,033 per dollar official rate set by the central bank for Thursday.

Sales to citizens and outside the interbank market aren't allowed to deviate by more than 2 percent from the official rate.

The country allowed the ruble to depreciate as part of a strategy to reduce the current-account deficit, the widest measure of money flowing in and out of a country, from 15.6 percent of gross domestic product last year.

The government has relied on foreign borrowing to replenish reserves, selling its debut dollar bonds last year. The country has more than \$2 billion of ruble and dollar debt outstanding.

Foreign reserves slumped to a 1 1/2-year low last month as Belarussians fearing a devaluation of the currency sought to move their savings out of rubles.

"At this point, I don't see the need to force negotiations on restructuring our debt," Snopkov said.

The crisis resulted from the "economy overheating under a loose monetary policy," he said. "Undoubtedly the difficulties will be overcome."

A weaker currency may allow the nation to narrow the trade deficit, a component of the current account, to between 5 percent and 6 percent this year from 13.6 percent in 2010, Snopkov said. The government also expects to lure foreign capital with a state-asset sale program, he said.

Russia may agree to provide financial assistance to the country in two weeks to three weeks, Andrei Bokarev, head of the Russian Finance Ministry's department for international financial relations, said April 26.

Original url:

<https://www.themoscowtimes.com/2011/04/28/belarus-minister-says-crisis-near-end-a6663>