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Minsk Mandates Additional Currency Conversion

By The Moscow Times

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Belarus' central bank expanded the list of currencies subject to mandatory sales by exporters on the domestic market to 22 from 12 as the Eastern European nation seeks to overcome a foreign currency shortage.

"The decision was made considering that companies have significantly increased their share of export contracts denominated in currencies not subject to obligatory conversion in order to avoid selling their foreign-currency revenue," the central bank in the capital, Minsk, said Friday.

The bank imposed restrictions on currencies including the yuan, the shekel and the zloty, according to the statement. Resident companies must convert 30 percent of their foreign-currency revenue to rubles at the official exchange rate on the Belarussian Currency and Stock Exchange.

Belarus, which devalued its ruble by more than 30 percent in May, is seeking international bailout loans to help bolster the economy and bridge a current-account gap equal to 16 percent of gross domestic product in 2010. It got a $3 billion loan from the Russian-led Eurasian Economic Community's anti-crisis fund approved in June.

The nation may need as much as $6 billion in the second half of this year and the same amount in 2012 to avoid an economic collapse and having to devalue the ruble again, Moody's Investors Service said Aug. 23.

The central bank may raise its refinancing rate for the eighth time this year to 27 percent from 22 percent, effective Sept. 1, RIA-Novosti reported, citing a person with knowledge of the matter.

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