

Belarus Runs Out of Meat as Russians Exploit Currency Plunge

By [The Moscow Times](#)

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Belarusians waiting in line to buy meat in Minsk on Wednesday. "All meat has gone to Russia," said Alexander Andreyevich, a retired factory worker. **Sergei Grits**

MINSK — Belarusian supermarkets are running out of meat as Russians take advantage of a currency crisis that a devaluation and the world's highest borrowing costs have failed to stem.

"All meat has gone to Russia," said Alexander Andreyevich, an 82-year-old former tractor-plant worker. "My relatives near the Russian border called me a few days ago and said the shops are empty."

Belarus is grappling with a balance-of-payments crisis that forced a 36 percent devaluation of its ruble in May. It may need to raise \$12 billion by 2013 through state-asset sales and international bailout loans to stave off economic collapse, Moody's Investors Service said last week.

The crisis has sparked protests as Belarusians vent their anger at President Alexander Lukashenko. While the authorities have sought to control food costs to quell public discontent, buyers from neighboring Russia have pushed meat prices higher.

"Private stall owners simply go and buy meat from state-owned vendors and sell it a couple of steps away for a hefty profit," Deputy Agriculture and Food Minister Vasily Pavlovsky told reporters in Minsk last week.

The government banned individuals in June from taking basic consumer goods such as home appliances, food and gasoline out of the country. Russians, buoyed by the removal of border checkpoints July 1 as part of a customs union, have circumvented the restrictions.

Belarus will allow the ruble to float from mid-September and will remove restrictions on depositors seeking to exchange local currency for dollars and euros, Lukashenko said Tuesday.

"The Belarusian ruble's exchange rate will be determined by supply and demand, as with any other commodity," he told the government and central bank, according to the BelTA news service. "We will not support the exchange rate artificially."

Lukashenko has pledged to curb rising prices and increase pensions and wages to keep pace with inflation. Demonstrations after a 30 percent increase in gasoline prices on June 7 resulted in arrests and prompted the Belarusian leader to reverse the decision the following day.

Even so, Anton Dolgovechny, head of the Economy Ministry's macroeconomic forecasting department, announced the next day that state spending would be cut by about \$2 billion in 2011, BelTA reported.

The central bank has raised its refinancing rate by 16.5 percentage points since January, making borrowing costs the highest among 50 countries tracked by Bloomberg. The latest increase to 27 percent from 22 percent is effective Sept. 1, the bank said Tuesday on its web site.

As well as meat, services are also attracting Russians, who make up a half of visitors at the Lode spa 160 kilometers north of Minsk and prefer luxury suites, a representative of the resort, Natalya Varvantseva, said by phone.

Many of them pay with Russian rubles or dollars, the scarcity of which has pushed black-market exchange rates far below the central bank's official 5,061 rubles per dollar.

The unofficial rate slipped to 9,900 by Aug. 25, according to a survey of companies offering foreign currency conducted by Infobank.by, a financial news web site. Prokopovi.ch, a service that matches buyers and sellers of foreign currency online, quoted 8,842 rubles per dollar Tuesday.

The only legal way for citizens to obtain foreign currency is by waiting at licensed exchange booths, where lines often exceed a hundred and the names of people who have left their details on previous visits are called daily.

The ruble may depreciate as much as 25 percent against the dollar by the end of September before currency inflows from loans and state-asset sales allow it to recoup the "temporary" losses, said Yulia Tseplyayeva, head of research at BNP Paribas in Moscow.

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