

Belarus Slaps Fee on Dollar Purchases to Prevent Currency Meltdown

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People gather near a currency exchange office in Moscow.

Belarus has slapped a 30 percent commission on foreign currency purchases in an effort to rein in demand for dollars and euros and prevent a currency crisis like the one that struck Russia earlier in the week.

The decision was a response to "the situation in the economies of adjacent countries, first of all — Russia," and to "increased demand for foreign currency on the domestic currency market," the National Bank of Belarus said in a statement on its website Friday.

Both individuals and companies will pay the fee. Money collected from the commissions will go to Belarus's budget, the statement said.

The Russian ruble on Monday and Tuesday suffered its worst falls since the financial collapse of 1998, dropping to lows of past 80 to the dollar and 100 to the euro before recovering

to about 59 to the dollar and 73 to the euro on Friday.

Exchange points across the country ran out of hard currency as panicked Russians clamored to convert their rubles.

Despite concerns that the government could impose capital controls like those employed by Belarus, Russia has not yet resorted to taxes on moving currency abroad or other possible limitations on the free movement of capital.

The ruble has dropped about 45 percent against the U.S. dollar this year on a toxic combination of low oil prices, slowing economic growth and Western sanctions over Russia's role in the Ukraine crisis. Russia is Belarus's largest trading partner, leaving the Belarussian economy worryingly exposed to the economic troubles of its neighbor and key political ally.

Belarussian President Alexander Lukashenko on Thursday said Belarus would not allow its national currency, also called the ruble, to devalue along with Russia's, official news agency BelTA reported.

Lukashenko also demanded that Belarus and Russia switch to dollars and euros for settling trade transactions, according to BelTA.

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