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Donetsk and Luhansk People's Republics Now Accepting U.S. Dollars

By The Moscow Times

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The self-proclaimed Luhansk People's Republic (LNR) and Donetsk People's Republic (DNR) of Ukraine have announced that their unrecognized nations will introduce a multi-currency financial system which, among other things, will accept U.S. dollars, Russian news agencies reported.

Igor Plotnitsky, the head of the LNR, was quoted by Russia's Interfax news agency on Thursday as saying that the steep devaluation of Ukraine's national currency has forced it to accept Russian rubles, U.S. dollars and other foreign currencies.

DNR leader Denis Pushilin, also citing the Ukrainian hryvna's steep devaluation, said that his region would now accept dollars, euros and Chinese yuan, news agency RIA Novosti reported.

The Ukrainian hryvna has fallen 68 percent to the U.S. dollar in the last 12 months, as Kiev struggles to both avoid bankruptcy and take back territory from the separatist DNR and LNR. Separatist-held territory has seen particularly high inflation as food and other supplies are

at times unable to enter the area due to heavy fighting.

However, Pushilin said that the multi-currency system is temporary, until a long-term currency for the separatist holdout can be selected.

"This is a temporary measure until it becomes clear what our future is — [to remain] within the hryvna zone, or if it becomes necessary to look for other options," RIA Novosti reported.

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